

**RIVERDALE LOCAL SCHOOL DISTRICT
MT. BLANCHARD, OHIO
FINANCIAL STATEMENTS
JUNE 30, 2000**

**PREPARED BY
TREASURER'S DEPARTMENT**

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STATE OF OHIO
OFFICE OF THE AUDITOR

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Board of Education
Riverdale Local School District
20613 State Route 37
Mt. Blanchard, Ohio 45867

We have reviewed the independent auditor's report of the Riverdale Local School District, Hardin County, prepared by Holbrook & Manter, for the audit period July 1, 1999 through June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Riverdale Local School District is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

March 14, 2001

RIVERDALE LOCAL SCHOOL DISTRICT
GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2000

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FINANCIAL SECTION

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LIST OF PUBLIC OFFICIALS

Superintendent Joyce Plummer

Treasurer Joeline Ribley

Board of Education Joe Hochstettler, President
David Wolfe, Vice President
James Farmer
Brenda Beck
Lisa Rife



INDEPENDENT AUDITOR'S REPORT

Board of Education
Riverdale Local School District
20613 State Route 37
Mt. Blanchard, OH 45867

We have audited the accompanying general-purpose financial statements of Riverdale Local School District, as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of Riverdale Local School District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Riverdale Local School District as of June 30, 2000, and the results of operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2001 on our consideration of Riverdale Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Holbrook & Manter

Certified Public Accountants

January 25, 2001
Marion, Ohio

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RIVERDALE LOCAL SCHOOL DISTRICT
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000

	<u>GOVERNMENTAL FUND TYPES</u>				<u>PROPRIETARY FUND TYPE</u>	<u>FIDUCIARY FUND TYPE</u>	<u>ACCOUNT GROUPS</u>		<u>TOTAL (MEMO) (ONLY)</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECT</u>	<u>ENTERPRISE</u>	<u>TRUST AND AGENCY</u>	<u>GENERAL FIXED ASSET ACCOUNT GROUP</u>	<u>GENERAL LONG-TERM DEBT ACCT. GROUP</u>	
ASSETS AND OTHER DEBITS:-									
Equity in pooled cash and cash equivalents	\$ 1,349,445	\$ 251,554	\$ 4,409	\$ 640,694	\$ 25,874	\$ 68,948	\$ 0	\$ 0	\$ 2,340,924
Receivables:-									
Taxes	1,117,955	0	0	75,016	0	0	0	0	1,192,971
Accounts	291	558	0	0	1,507	0	0	0	2,356
Interfund Receivable	1,451	0	0	0	0	0	0	0	1,451
Income tax	149,071	0	0	0	0	0	0	0	149,071
Materials and supplies inventory	0	0	0	0	6,866	0	0	0	6,866
Restricted assets:-									
Equity in pooled cash and cash equivalents	44,891	0	0	0	0	0	0	0	44,891
Fixed assets	0	0	0	0	158,015	0	4,627,633	0	4,785,648
Accumulated depreciation	0	0	0	0	(136,099)	0	0	0	(136,099)
OTHER DEBITS:-									
Provided from General Government Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>652,215</u>	<u>652,215</u>
Total assets and other debits	<u>\$ 2,663,104</u>	<u>\$ 252,112</u>	<u>\$ 4,409</u>	<u>\$ 715,710</u>	<u>\$ 56,163</u>	<u>\$ 68,948</u>	<u>\$ 4,627,633</u>	<u>\$ 652,215</u>	<u>\$ 9,040,294</u>

See accompanying Notes to the General Purpose Financial Statements.

RIVERDALE LOCAL SCHOOL DISTRICT
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTAL (MEMO) (ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECT	ENTERPRISE	TRUST AND AGENCY	GENERAL	GENERAL	
							FIXED ASSET ACCOUNT GROUP	LONG-TERM DEBT ACCT. GROUP	
LIABILITIES:-									
Accounts payable	\$ 18,753	\$ 1,783	\$ 0	\$ 3,792	\$ 70	\$ 1,599	\$ 0	\$ 0	\$ 25,997
Accrued wages and benefits	482,065	6,512	0	0	12,661	0	0	0	501,238
Compensated absences payable	21,406	0	0	0	1,825	0	0	273,760	296,991
Interfund payable	0	0	0	0	0	1,451	0	0	1,451
Intergovernmental payable	86,213	1,282	0	0	6,415	0	0	46,940	140,850
Deferred revenue	1,016,095	0	0	68,181	4,483	0	0	0	1,088,759
Due to students	0	0	0	0	0	45,213	0	0	45,213
Judgments payable	0	0	0	0	0	0	0	204,803	204,803
Energy Conservation Loan payable	0	0	0	0	0	0	0	20,712	20,712
General Obligation Bonds payable	0	0	0	0	0	0	0	106,000	106,000
Total liabilities	<u>1,624,532</u>	<u>9,577</u>	<u>0</u>	<u>71,973</u>	<u>25,454</u>	<u>48,263</u>	<u>0</u>	<u>652,215</u>	<u>2,432,014</u>
FUND EQUITY AND OTHER CREDITS:-									
Investment in general fixed assets	0	0	0	0	0	0	4,627,633	0	4,627,633
Retained earnings:-									
Unreserved	0	0	0	0	30,709	0	0	0	30,709
Fund balances:-									
Reserved:-									
Reserved for encumbrances	47,537	6,985	0	3,470	0	0	0	0	57,992
Reserved for advances	1,451	0	0	0	0	0	0	0	1,451
Reserved for contributions	0	0	0	0	0	20,000	0	0	20,000
Reserved for property taxes	101,860	0	0	6,835	0	0	0	0	108,695
Reserved for textbooks & instructional materials	10,755	0	0	0	0	0	0	0	10,755
Reserved for budget stabilization	34,136	0	0	0	0	0	0	0	34,136
Unreserved:-									0
Unreserved, undesignated	842,833	235,550	4,409	633,432	0	685	0	0	1,716,909
Total fund equity and other credits	<u>1,038,572</u>	<u>242,535</u>	<u>4,409</u>	<u>643,737</u>	<u>30,709</u>	<u>20,685</u>	<u>4,627,633</u>	<u>0</u>	<u>6,608,280</u>
Total liabilities, fund equity and other credits	<u>\$ 2,663,104</u>	<u>\$ 252,112</u>	<u>\$ 4,409</u>	<u>\$ 715,710</u>	<u>\$ 56,163</u>	<u>\$ 68,948</u>	<u>\$ 4,627,633</u>	<u>\$ 652,215</u>	<u>\$ 9,040,294</u>

See accompanying Notes to the General Purpose Financial Statements.

RIVERDALE LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	GOVERNMENTAL				FIDUCIARY	TOTALS (MEMO) ONLY
	FUND TYPES				FUND TYPE	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECT	EXPENDABLE TRUST	
REVENUES:-						
Intergovernmental	\$ 3,717,937	\$ 237,168	\$ 0	\$ 11,513	\$ 0	\$ 3,966,618
Interest	117,384	0	0	0	0	117,384
Tuition and fees	4,880	0	0	0	0	4,880
Rent	1,314	0	0	0	0	1,314
Extracurricular activities	0	118,471	0	0	0	118,471
Gifts and donations	1,050	0	0	0	0	1,050
Income tax	215,873	0	0	0	0	215,873
Property & other local taxes	1,659,947	0	0	125,459	0	1,785,406
Miscellaneous	37,800	0	0	0	0	37,800
Total revenue	<u>5,756,185</u>	<u>355,639</u>	<u>0</u>	<u>136,972</u>	<u>0</u>	<u>6,248,796</u>
EXPENDITURES:-						
Current:-						
Instruction:-						
Regular	2,595,469	2,432	0	0	0	2,597,901
Special	388,938	73,208	0	0	0	462,146
Vocational	104,537	0	0	0	0	104,537
Adult/continuing	284	0	0	0	0	284
Supporting services:-						
Pupils	142,091	9,612	0	16,232	0	167,935
Instructional staff	275,250	71,199	0	0	0	346,449
Board of Education	122,176	5,846	0	0	0	128,022
Administration	640,663	2,704	0	0	0	643,367
Fiscal	137,479	0	0	2,147	0	139,626
Operation and maintenance - plant	463,324	65	0	0	0	463,389
Pupil transportation	469,416	5,823	0	0	0	475,239
Central	0	0	0	0	0	0
Non-instructional services	1,050	0	0	0	0	1,050
Extracurricular activities	140,297	101,547	0	0	0	241,844
Capital outlay	0	0	0	164,307	0	164,307
Debt service:-						0
Debt service – principal	0	0	106,804	0	0	106,804
Debt service - interest	0	0	3,797	0	0	3,797
Total expenditures	<u>5,480,974</u>	<u>272,436</u>	<u>110,601</u>	<u>182,686</u>	<u>0</u>	<u>6,046,697</u>
Excess of revenues over (under) expenditures	275,211	83,203	(110,601)	(45,714)	0	202,099
OTHER FINANCING SOURCES (USES):-						0
Operating transfers in	0	1,454	112,673	7,771		121,898
Refund of prior year expenditures	2,835	0	0	0	0	2,835
Operating transfers out	(121,898)	0	0	0	0	(121,898)
Total other financing sources (uses)	<u>(119,063)</u>	<u>1,454</u>	<u>112,673</u>	<u>7,771</u>	<u>0</u>	<u>2,835</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	156,148	84,657	2,072	(37,943)	0	204,934
Fund balances (deficit) at beginning of year	882,424	157,878	2,337	681,680	201	1,724,520
Fund balances at end of year	<u>\$ 1,038,572</u>	<u>\$ 242,535</u>	<u>\$ 4,409</u>	<u>\$ 643,737</u>	<u>\$ 201</u>	<u>\$ 1,929,454</u>

See accompanying Notes to the General Purpose Financial Statements.

RIVERDALE LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	GENERAL FUND			SPECIAL REVENUE		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES:-						
Intergovernmental	\$ 3,742,188	\$ 3,719,587	\$ (22,601)	\$ 208,348	\$ 171,925	\$ (36,423)
Interest	95,000	126,725	31,725	0	0	0
Tuition and fees	5,000	5,126	126	0	0	0
Rent	480	1,315	835	0	0	0
Extracurricular activities	0	0	0	58,954	118,101	59,147
Gifts and donations	1,400	1,050	(350)	0	0	0
Income tax	41,440	66,802	25,362	0	0	0
Property & other local taxes	1,697,302	1,645,003	(52,299)	0	0	0
Miscellaneous	50,243	39,788	(10,455)	0	0	0
Total revenue	<u>5,633,053</u>	<u>5,605,396</u>	<u>(27,657)</u>	<u>267,302</u>	<u>290,026</u>	<u>22,724</u>
EXPENDITURES:-						
Current:-						
Instruction:-						
Regular	2,630,869	2,585,891	44,978	4,000	2,000	2,000
Special	385,082	380,440	4,642	139,976	72,621	67,355
Vocational	97,756	95,058	2,698	0	0	0
Adult/continuing	284	284	0	0	0	0
Supporting services:-						
Pupils	147,500	145,740	1,760	57,749	9,219	48,530
Instructional staff	279,234	269,489	9,745	25,086	5,957	19,129
Board of Education	167,331	126,432	40,899	10,357	5,846	4,511
Administration	667,951	647,287	20,664	3,853	2,620	1,233
Fiscal	166,472	144,503	21,969	0	0	0
Operation and maintenance - plant	567,669	501,165	66,504	64	64	0
Pupil transportation	506,823	473,941	32,882	5,823	5,823	0
Central	0	0	0	5,171	0	5,171
Non-instructional services	2,550	1,050	1,500	0	0	0
Extracurricular activities	140,847	139,763	1,084	792,911	108,532	684,379
Capital outlay	0	0	0	0	0	0
Debt service:-						
Debt service – principal	0	0	0	0	0	0
Debt service - interest	0	0	0	0	0	0
Total expenditures	<u>5,760,368</u>	<u>5,511,043</u>	<u>249,325</u>	<u>1,044,990</u>	<u>212,682</u>	<u>832,308</u>
Excess of revenues over (under) expenditures	<u>(127,315)</u>	<u>94,353</u>	<u>221,668</u>	<u>(777,688)</u>	<u>77,344</u>	<u>855,032</u>
OTHER FINANCING SOURCES (USES):-						
Operating transfers in	0	0	0	0	1,454	1,454
Refund of prior year expenditures	0	4,015	4,015	0	0	0
Operating transfers out	(122,000)	(121,898)	102	0	0	0
Advances out	(1,451)	(1,451)	0	0	0	0
Total other financing sources (uses)	<u>(123,451)</u>	<u>(119,334)</u>	<u>4,117</u>	<u>0</u>	<u>1,454</u>	<u>1,454</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(250,766)</u>	<u>(24,981)</u>	<u>225,785</u>	<u>(777,688)</u>	<u>78,798</u>	<u>856,486</u>
Fund balances at beginning of year	1,169,478	1,169,478	0	(483,290)	(483,290)	0
Prior year encumbrances	185,501	185,501	0	647,410	647,410	0
Fund balances at end of year	<u>\$ 1,104,213</u>	<u>\$ 1,329,998</u>	<u>\$ 225,785</u>	<u>\$ (613,568)</u>	<u>\$ 242,918</u>	<u>\$ 856,486</u>

See accompanying Notes to the General Purpose Financial Statements.

RIVERDALE LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	DEBT SERVICE			CAPITAL PROJECTS		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES:-						
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 283,314	\$ 11,513	\$ (271,801)
Interest	0	0	0	0	0	0
Tuition and fees	0	0	0	0	0	0
Rent	0	0	0	0	0	0
Extracurricular activities	0	0	0	0	0	0
Gifts and donations	0	0	0	0	0	0
Income tax	0	0	0	0	0	0
Property & other local taxes	0	0	0	119,970	125,361	5,391
Miscellaneous	0	0	0	0	0	0
Total revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>403,284</u>	<u>136,874</u>	<u>(266,410)</u>
EXPENDITURES:-						
Current:-						
Instruction:-						
Regular	0	0	0	0	0	0
Special	0	0	0	0	0	0
Vocational	0	0	0	0	0	0
Adult/continuing	0	0	0	0	0	0
Supporting services:-						
Pupils	0	0	0	57,158	19,702	37,456
Instructional staff	0	0	0	0	0	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal	0	0	0	3,300	2,147	1,153
Operation and maintenance - plant	0	0	0	0	0	0
Pupil transportation	0	0	0	0	0	0
Central	0	0	0	0	0	0
Non-instructional services	0	0	0	0	0	0
Extracurricular activities	0	0	0	0	0	0
Capital outlay	0	0	0	236,589	164,307	72,282
Debt service:-						
Debt service – principal	106,804	106,804	0	0	0	0
Debt service - interest	7,596	3,797	3,799	0	0	0
Total expenditures	<u>114,400</u>	<u>110,601</u>	<u>3,799</u>	<u>297,047</u>	<u>186,156</u>	<u>110,891</u>
Excess of revenues over (under) expenditures	<u>(114,400)</u>	<u>(110,601)</u>	<u>3,799</u>	<u>106,237</u>	<u>(49,282)</u>	<u>(155,519)</u>
OTHER FINANCING SOURCES (USES):-						
Operating transfers in	111,196	112,673	1,477	7,771	7,771	0
Refund of prior year expenditures	0	0	0	0	0	0
Operating transfers out	0	0	0	0	0	0
Advances out	0	0	0	0	0	0
Total other financing sources (uses)	<u>111,196</u>	<u>112,673</u>	<u>1,477</u>	<u>7,771</u>	<u>7,771</u>	<u>0</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(3,204)</u>	<u>2,072</u>	<u>5,276</u>	<u>114,008</u>	<u>(41,511)</u>	<u>(155,519)</u>
Fund balances at beginning of year	<u>(637)</u>	<u>(637)</u>	<u>0</u>	<u>536,855</u>	<u>536,855</u>	<u>0</u>
Prior year encumbrances	2,974	2,974	0	129,132	129,132	0
Fund balances at end of year	<u><u>\$ (867)</u></u>	<u><u>\$ 4,409</u></u>	<u><u>\$ 5,276</u></u>	<u><u>\$ 779,995</u></u>	<u><u>\$ 624,476</u></u>	<u><u>\$ (155,519)</u></u>

See accompanying Notes to the General Purpose Financial Statements.

RIVERDALE LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	EXPENDABLE TRUST			TOTALS (MEMO ONLY)		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES:-						
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 4,233,850	\$ 3,903,025	\$ (330,825)
Interest	0	0	0	95,000	126,725	31,725
Tuition and fees	0	0	0	5,000	5,126	126
Rent	0	0	0	480	1,315	835
Extracurricular activities	0	0	0	58,954	118,101	59,147
Gifts and donations	100	0	(100)	1,500	1,050	(450)
Income tax	0	0	0	41,440	66,802	25,362
Property & other local taxes	0	0	0	1,817,272	1,770,364	(46,908)
Miscellaneous	0	0	0	50,243	39,788	(10,455)
Total revenue	<u>100</u>	<u>0</u>	<u>(100)</u>	<u>6,303,739</u>	<u>6,032,296</u>	<u>(271,443)</u>
EXPENDITURES:-						
Current:-						
Instruction:-						
Regular	0	0	0	2,634,869	2,587,891	46,978
Special	0	0	0	525,058	453,061	71,997
Vocational	0	0	0	97,756	95,058	2,698
Adult/continuing	0	0	0	284	284	0
Supporting services:-						
Pupils	0	0	0	262,407	174,661	87,746
Instructional staff	0	0	0	304,320	275,446	28,874
Board of Education	0	0	0	177,688	132,278	45,410
Administration	0	0	0	671,804	649,907	21,897
Fiscal	0	0	0	169,772	146,650	23,122
Operation and maintenance - plant	0	0	0	567,733	501,229	66,504
Pupil transportation	0	0	0	512,646	479,764	32,882
Central	0	0	0	5,171	0	5,171
Non-instructional services	0	0	0	2,550	1,050	1,500
Extracurricular activities	0	0	0	933,758	248,295	685,463
Capital outlay	0	0	0	236,589	164,307	72,282
Debt service:-						
Debt service – principal	0	0	0	106,804	106,804	0
Debt service - interest	0	0	0	7,596	3,797	3,799
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,216,805</u>	<u>6,020,482</u>	<u>1,196,323</u>
Excess (deficiency) of revenues over (under) expenditures	<u>100</u>	<u>0</u>	<u>(100)</u>	<u>(913,066)</u>	<u>11,814</u>	<u>924,880</u>
OTHER FINANCING SOURCES (USES):-						
Operating transfers in	0	0	0	118,967	121,898	2,931
Refund of prior year expenditures	0	0	0	0	4,015	4,015
Operating transfers out	0	0	0	(122,000)	(121,898)	102
Advances out	0	0	0	(1,451)	(1,451)	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,484)</u>	<u>2,564</u>	<u>7,048</u>
Excess of revenue and other financing sources over (under) expenditures and other financing uses	<u>100</u>	<u>0</u>	<u>(100)</u>	<u>(917,550)</u>	<u>14,378</u>	<u>931,928</u>
Fund balances at beginning of year	201	201	0	1,222,607	1,222,607	0
Prior year encumbrances	0	0	0	965,017	965,017	0
Fund balances at end of year	<u>\$ 301</u>	<u>\$ 201</u>	<u>\$ (100)</u>	<u>\$ 1,270,074</u>	<u>\$ 2,202,002</u>	<u>\$ 931,928</u>

See accompanying Notes to the General Purpose Financial Statements.

RIVERDALE LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS/FUND BALANCE
PROPRIETARY FUND TYPE AND SIMILAR TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	<u>PROPRIETARY</u> <u>FUND TYPE</u>	<u>FIDUCIARY</u> <u>FUND TYPE</u>	<u>TOTALS</u>
	<u>ENTERPRISE</u>	<u>NON-EXPENDABLE</u> <u>TRUST</u>	<u>MEMO ONLY</u>
OPERATING REVENUES:-			
Sales	\$ 199,423	\$ 0	\$ 199,423
Interest	<u>0</u>	<u>856</u>	<u>856</u>
Total operating revenues	<u>199,423</u>	<u>856</u>	<u>200,279</u>
OPERATING EXPENSES:-			
Salaries	87,486	0	87,486
Fringe benefits	35,260	0	35,260
Purchased services	7,654	0	7,654
Materials and supplies	170,859	0	170,859
Depreciation	4,726	0	4,726
Other	<u>613</u>	<u>1,584</u>	<u>2,197</u>
Total operating expenses	<u>306,598</u>	<u>1,584</u>	<u>308,182</u>
Operating loss (loss)	<u>(107,175)</u>	<u>(728)</u>	<u>(107,903)</u>
NON-OPERATING REVENUES AND EXPENSES:-			
Federal donated commodities	37,174	0	37,174
Federal and state subsidies	<u>57,570</u>	<u>0</u>	<u>57,570</u>
Total non-operating revenues and expenses	<u>94,744</u>	<u>0</u>	<u>94,744</u>
Net income (loss)	(12,431)	(728)	(13,159)
Retained earnings/fund balance at beginning of year	<u>43,140</u>	<u>21,212</u>	<u>64,352</u>
Retained earnings/fund balances at end of year	<u>\$ 30,709</u>	<u>\$ 20,484</u>	<u>\$ 51,193</u>

See accompanying Notes to the General Purpose Financial Statements.

RIVERDALE LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND SIMILAR TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	TOTALS
	ENTERPRISE	NON-EXPENDABLE TRUST	MEMO ONLY
INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS:-			
CASH FLOWS FROM OPERATING ACTIVITIES:-			
Cash received from sales	\$ 198,108	\$ 0	\$ 198,108
Cash payments to suppliers for goods and services	(136,730)	0	(136,730)
Cash payments for contract services	(7,654)	0	(7,654)
Cash payments for employee services	(91,812)	0	(91,812)
Cash payments for employee benefits	(34,019)	0	(34,019)
Other cash payments	(663)	(1,100)	(1,763)
Net cash provided (used) for operating activities	<u>(72,770)</u>	<u>(1,100)</u>	<u>(73,870)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:-			
Operating grants received	<u>57,570</u>	<u>0</u>	<u>57,570</u>
Net cash provided (used) by noncapital financial activities	<u>57,570</u>	<u>0</u>	<u>57,570</u>
CASH FLOWS FROM INVESTING ACTIVITIES:-			
Interest on investments	<u>0</u>	<u>856</u>	<u>856</u>
Net increase (decrease) in cash and cash equivalents	(15,200)	(244)	(15,444)
Cash and cash equivalents at beginning of year	<u>41,074</u>	<u>21,212</u>	<u>62,286</u>
Cash and cash equivalents at end of year	<u>\$ 25,874</u>	<u>\$ 20,968</u>	<u>\$ 46,842</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:-			
Operating income (loss)	\$ (107,175)	\$ (728)	\$ (107,903)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:-			
Depreciation	4,726	0	4,726
Donated commodities used during the year	37,174	0	37,174
Non-expendable trust fund interest	0	(856)	(856)
(INCREASE)DECREASE IN ASSETS:-			
Accounts receivable	(1,315)	0	(1,315)
Material and supplies inventory	2,730	0	2,730
INCREASE (DECREASE) IN LIABILITIES:-			
Compensated absences payable	(3,767)	484	(3,283)
Intergovernmental payable	(3,507)	0	(3,507)
Deferred revenue	(1,065)	0	(1,065)
Accounts payable	(2,058)	0	(2,058)
Accrued wages and benefits	1,487	0	1,487
Total adjustments	<u>(72,770)</u>	<u>(1,100)</u>	<u>(73,870)</u>
Net cash provided (used) by operating activities	<u>\$ (46,896)</u>	<u>\$ 19,868</u>	<u>\$ (27,028)</u>
RECONCILIATION OF NONEXPENDABLE TRUST FUND CASH BALANCE AS OF JUNE 30, 2000:			
Cash and cash equivalents - Trust and Agency Funds			\$ 68,948
Less: Expendable Trust Funds			(201)
Less: Agency Funds			(47,779)
Cash and cash equivalents - Nonexpendable Trust Funds			<u>\$ 20,968</u>

See accompanying Notes to the General Purpose Financial Statements.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY:-

Riverdale Local School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District was established in 1962 through the consolidation of existing land areas and school districts. It is staffed by 41 non-classified employees, 85 certified full-time teaching personnel and 4 administrative employees who provide services to 1,133 students and other community members. The District currently operates 3 instructional buildings, 4 miscellaneous buildings and 1 garage.

A. Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For Riverdale Local School District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated to or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District has no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

The financial statements of Riverdale Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applied Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

A. Fund Accounting - Basis of Presentation

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable financial resources.

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the District's governmental fund types:

General Fund - The General fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds - Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital assets or facilities (other than those financed by proprietary funds and trust funds).

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Proprietary Fund Types

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following are the District's proprietary fund types:

Enterprise Funds - Enterprise funds are used to account for District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary fund types are:

Expendable Trust Funds - These funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as a governmental fund.

Nonexpendable Trust Funds - These funds account for trust principal which may not be expended. Only interest earned on the principal may be used for trust operations. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds.

Agency Funds - These funds are custodial in nature and thus do not involve measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is used to account for all of the District's fixed assets other than those accounted for in the Proprietary or Trust Funds.

General Long-Term Obligations Account Group - This account group is used to account for all of the District's long-term obligations other than those accounted for in the Proprietary or Trust Funds.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

B. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary fund type and non-expendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for all Governmental Fund Types, Expendable Trust and Agency Funds. Under this basis of accounting, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after the fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: taxpayer-assessed income taxes, tuition, grants, interest and student fees.

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of cost, such as depreciation and amortization, are not recognized in the governmental funds.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types and the nonexpendable trust fund(s). Revenues are recognized in the accounting period in which they are earned, and expenses are recognized when they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budget and Budgetary Accounting

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendments through the year with legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated, the primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget - Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Hardin County Budget Commission for rate determination.

Estimated Resources - Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resource which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis of the appropriation measure. On or about July 1, the Certificate is amended to include any encumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate issued during the fiscal year 2000.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Appropriations - Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations with functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances - As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet. Investments are stated at cost or amortized cost. Investment earnings are allocated as authorized by State statute.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase by the District are to be considered to be cash equivalents.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

E. Inventory

Inventory in the proprietary fund type is stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventory consists of donated food, purchased food, and school supplies held for resale and is expended when used.

F. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The District maintains a capitalization threshold of five hundred dollars. The District does not have any infrastructure.

The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend assets lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of five to twenty years..

G. Interfund Assets/Liabilities

Short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables".

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for all employees after eight years of current service with the District.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensation absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In enterprise funds, the entire amount of compensated absences is reported as a fund liability.

I. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than two months after fiscal year-end are considered not to have used current available financial resources. Bonds, capital leases and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by enterprise funds are reported as liabilities in the appropriate enterprise fund.

J. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Non-reimbursable Grants

Special Revenue Funds

- Title VI-B
- Professional Development Block Grant
- Financial Literacy Grant
- Management Information Systems
- Disadvantaged Pupil Impact Aid
- Title I
- Title VI
- Title VI – Drug Free
- Textbooks/Instructional Materials Subsidy
- Ohio Reads

Capital Projects Funds

- School Net
- Technology Equity
- Emergency School Repair

Reimbursable Grants

General Fund

- Driver Education Reimbursement

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 61% of the District's operating revenue during the 2000 fiscal year.

K. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 18 for the calculation of the year end restricted asset balance and the corresponding fund balance reserves.

L. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, budget stabilization, textbook purchases, school bus purchases, and endowments.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for endowments signifies the legal restrictions on the use of principal.

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Total Columns on General Purpose Financial Statement

Total columns on the general purpose financial statements are captioned "Memo only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund elimination's have not been made in the aggregation of this data.

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE:-

A. Accountability

At June 30, 2000, the Title I Fund had deficit fund balance of \$8,406, respectively, which was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

The District exceeded their unvoted debt margin by \$131,516 in fiscal year 2000.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING:-

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual-Proprietary Fund Type and Non-Expendable Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when paid in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures/expenses for all funds (budget) rather than as a reservation of fund balance for governmental fund types and the expendable trust funds and as note disclosure in the proprietary fund type and non-expendable fund (GAAP basis).
4. For proprietary funds, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types And Expendable Trust Fund

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>EXPENDABLE TRUST</u>
Budget basis	\$ (24,981)	\$ 78,798	\$ 2,072	\$ (41,511)	\$ 0
Revenue accruals	150,790	65,613	0	98	0
Expenditure accruals	(36,220)	(68,388)	0	(3,792)	0
Other sources/uses	271	0	0	0	0
Encumbrances	<u>66,288</u>	<u>8,634</u>	<u>0</u>	<u>7,262</u>	<u>0</u>
GAAP Basis	<u>\$ 156,148</u>	<u>\$ 84,657</u>	<u>\$ 2,072</u>	<u>\$ (37,943)</u>	<u>\$ 0</u>

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 5 - DEPOSITS AND INVESTMENTS:-

State statutes require the classification of monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the Treasury. Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) and (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 5 - DEPOSITS AND INVESTMENTS:- (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payments for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Any public depository, at the time it receives a District deposit or investment in a certificate of deposit, is required to pledge to the investing authority as collateral eligible securities of aggregated market value that, when added to the portion of the deposit insured by the Federal Deposit Insurance Corporation or the Savings Association Fund, equals or exceeds the amount of District funds deposited.

A public depository may at its option pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The pool of securities so pledged must have a current market value at least equal to 110 percent of all public monies on deposit with the depository including the amount covered by federal insurance.

The following information categorizes deposits and investments by categories of risk as defined in GASB Statement 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

At fiscal year end, the carrying amount of the District's deposits was \$15,761, the bank balance was \$114,794. Of the bank balance, \$114,794 was covered by federal depository insurance. The remaining amounts were protected by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral third party trustees, including, including the Federal Reserve Bank and designated third party trustees of the financial institutions.

The District's investments are categorized below to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is unclassified since it is not evidenced by securities that exist in physical or book entry form. The carrying value and market value of funds on deposit with STAR Ohio at June 30, 2000, was \$688,428.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 5 - DEPOSITS AND INVESTMENTS:- (continued)

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>CASH AND CASH EQUIVALENTS/DEPOSITS</u>	<u>INVESTMENTS</u>
GASB Statement 9	\$ 2,385,812	\$ 0
Investments:		
STAR Ohio	(688,428)	688,428
Repurchase Agreement	<u>(1,681,623)</u>	<u>1,681,623</u>
GASB Statement 3	\$ <u>15,761</u>	\$ <u>2,370,051</u>

NOTE 6 - PROPERTY TAX:-

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes are attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of the true value and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstance, State statute permits alternate payment date to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000 was \$65,372 in the General Fund and \$4,387 in the Permanent Improvement Capital Projects Fund

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 6 - PROPERTY TAX:- (continued)

The District receives property taxes from Hancock, Hardin and Wyandot Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2000 taxes were collected are:

	<u>AMOUNT</u>	<u>PERCENT</u>
Agricultural/residential		
And other real estate	\$63,139,170	86%
Public Utilities	5,429,070	7%
Tangible Personal Property	<u>4,719,067</u>	<u>7%</u>
Total assessed value	<u>\$73,287,307</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$ 34.00	

NOTE 7 - INCOME TAX:-

The District levies a voted tax of 1.0 percent for general operations on the income of resident and of estates. The tax was effective on January 1, 2000, and will continue for three years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

NOTE 8 - RECEIVABLES:-

Receivables at June 30, 2000, consisted of both property and income taxes, accounts (rent, billings for user charged services and student fees), interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 9 - FIXED ASSETS:-

A summary of the enterprise funds fixed assets as of June 30, 2000, follows:

Furniture, fixtures and equipment	\$ 158,015
Less, accumulated depreciation	(136,099)
Net fixed assets	<u>\$ 21,916</u>

A summary of the changes in general fixed assets during fiscal year 2000 follows:

	<u>BALANCE AT</u> <u>6-30-99</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE AT</u> <u>6-30-00</u>
Land and improvements	\$ 325,775	\$ 0	\$ 0	\$ 325,775
Buildings and improvements	2,217,915	0	0	2,217,915
Furniture and equipment	1,363,326	0	0	1,363,326
Vehicles	<u>720,617</u>	<u>0</u>	<u>0</u>	<u>720,617</u>
Totals	<u>\$ 4,627,633</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,627,633</u>

NOTE 10- RISK MANAGEMENT:-

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000 the District contracted for the following insurance coverages.

Coverages provided by Nationwide Insurance are as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Building and contents - replacement cost	\$500	\$16,165,200
Inland Marine Coverage	250	134,929
Automobile Liability	500	2,000,000
Uninsured Motorists	500	1,000,000
General Liability;		
Per occurrence		2,000,000
Total per year		5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 10 - RISK MANAGEMENT:- (continued)

For fiscal year 2000, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

The District participates in the School Employees' Health and Welfare Benefit Plan and Trust (the Plan), a public entity shared risk pool consisting of six local school districts and the Educational Service Center. The District pays monthly premiums to the Plan for employee medical, dental and vision benefits. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents and designated beneficiaries accrued as a result of withdrawal.

NOTE 11 - DEFINED BENEFIT PENSION PLANS:-

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits to is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the Riverdale Local School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of the annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by SERS's Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$112,665, \$122,905 and \$107,628, respectively; 48 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$58,614 representing the unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds and the general long-term obligations account group.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 11 - DEFINED BENEFIT PENSION PLANS:- (continued)

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. Benefits are established Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, or by calling (614) 227-4090.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2000 were 9.3% of covered payroll for members and 14 percent for employers. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$379,619, \$304,126 and \$394,283, respectively; 82 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$69,420 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

NOTE 12 - POSTEMPLOYMENT BENEFITS:-

A. State Teachers Retirement System of Ohio

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium.

The Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently at 14 percent of covered payroll.

The board currently allocated employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. However, for the fiscal year ended June 30, 1999, the board allocated employer contributions equal to 3.5 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2,783 million on June 30, 1999. The Health Care Reserve Fund allocation for the year ended June 30, 2000 will be 8 percent of covered payroll.

For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000. There were 95,796 eligible benefit recipients.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 12 - POSTEMPLOYMENT BENEFITS:- (continued)

B. School Employees Retirement System of Ohio

The Ohio Revised Code gives SERS the discretionary authority to provide post-retirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2000, the allocation rate is 6.30 percent. In addition, SERS levies surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000 were \$126,380,984 and the target level was \$189.6 million. At June 30, 2000, the Retirement System's net assets available for payment of health was \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

The portion of employer contributions that were used to fund post-employment benefits can be determined by multiplying actual employer contributions times .450, then adding the surcharge due as of June 30, 2000, as certified to your district by SERS.

NOTE 13 - EMPLOYEE BENEFITS:-

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days for all personnel. Upon retirement, payment is made for 30% of accrued, but unused sick leave credit to a maximum of 60 days for all classified employees and 60 days for certified employees.

B. Insurance Benefits

The District provides life, accidental death and dismemberment, medical/surgical, dental and vision insurance to most employees through School Employees' Health and Welfare Benefits Plan and Trust. Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 14 - LONG-TERM OBLIGATIONS:-

The changes in the District's long-term obligations during fiscal year 2000 were as follows:

	Balance At <u>July 1, 1999</u>	<u>Additions</u>	<u>Deductions</u>	Balance At <u>June 30, 2000</u>
FY 1994 Energy				
Conservation	\$ 32,801	\$ 0	\$ 12,089	\$ 20,712
1993 Judgment Bonds	244,803	0	40,000	204,803
1996 School Bus Bonds	<u>138,000</u>	<u>0</u>	<u>32,000</u>	<u>106,000</u>
Total debt	415,604	0	84,089	331,515
Compensated Absences	295,657	0	21,897	273,760
Intergovernmental Payable	<u>62,600</u>	<u>0</u>	<u>15,660</u>	<u>46,940</u>
Total General Long-Term Obligations	<u>\$ 773,861</u>	<u>\$ 0</u>	<u>\$ 121,646</u>	<u>\$ 652,215</u>

Energy Conservation Notes - On January 18, 1994, the District issued \$87,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2002, with an interest rate of 7.75 percent. The notes will be retired from the debt service fund.

Judgment Bonds - On October 7, 1992, the District issued \$449,803 in unvoted general obligation bonds for the purpose of paying a judgment rendered against the District. The bonds were issued for a ten year period with final maturity at December 1, 2003, with interest rate of 7.00 percent.. The bonds will be retired from the debt service fund.

School Bus General Obligation Bonds - On May 1, 1996, the District issued \$226,080 in unvoted general obligation bonds for the purpose of purchasing school buses. The bonds were issued for an eight year period with final maturity at April 1, 2003, with an interest rate of 5.439 percent. The bonds will be retired from the debt service fund.

The District's voted legal debt margin was \$6,489,858 with an unvoted debt margin of \$(131,516) at June 30, 2000.

Principal and interest requirements to retire general obligation debt including notes outstanding at June 30, 2000, are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 91,849	\$ 21,110	\$ 112,959
2002	92,864	15,362	108,226
2003	92,000	9,758	101,758
2004	<u>54,803</u>	<u>3,836</u>	<u>58,639</u>
Total	<u>\$ 331,516</u>	<u>\$ 50,066</u>	<u>\$ 381,582</u>

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS:-

The District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2000.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$ 174,932	\$ 24,491	\$ 199,423
Depreciation Expense	4,726	0	4,726
Operating Income (loss)	(106,069)	(1,106)	(107,175)
Donated Commodities	32,174	0	37,174
Grants	57,570	0	57,570
Net Income (loss)	(11,325)	(1,106)	(12,431)
Net Working Capital	1,988	6,805	8,793
Total Assets	49,358	6,805	56,163
Total Liabilities	25,454	0	25,454
Total Equity	23,904	6,805	30,709

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS:-

Western Ohio Computer Organization (WOCO) - The District is a participant in WOCO which is a computer consortium. WOCO is an association of various public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, Shelby and Miami counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The WOCO is governed by a board of directors consisting of the superintendents of the member school districts and the degree of control is limited to the representation on the board. Financial information can be obtained from Sharon Waldsmith, who services as the fiscal agent, at 129 East Court Street, Sidney, Ohio 45365.

Millstream Career Cooperative Joint Vocational School District - The District is a member of the Millstream Career Cooperative Joint Vocational School District which is an educational organization which provides vocational and technical education for member districts. The Vocational School is governed by a board of education that consists of a representative from each participating school district and its degree of control is limited to its representation on that Board. To obtain financial information write to the Millstream Career Cooperative Joint Vocational School District, Randy Richardson, Treasurer, at 620 Lynn Street, Findlay, Ohio 45840.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 17 - INSURANCE POOLS:-

Ohio School Boards Association Workers' Compensation Group Rating Plan - The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Hardin County School Employees' Health and Welfare Benefit Plan and Trust - The Hardin County School Employees' Health and Welfare Benefit Plan and Trust (the Trust) is a public entity shared risk pool consisting of six school districts and the Hardin County Educational Service Center. The Trust is organized as a Voluntary Employee Benefit association under Section 501(c)(9) of the Internal Revenue Code and provides sick, accident and other benefits to the employees of the participating school districts. Each participating school district's superintendent is appointed to an Administrative Committee which advises the Trustee, Ohio Bank, concerning aspects of the administration of the Trust.

Each school district decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Rick Combs, who services as director, at 220 East Columbus Street, P.O. Box 735, Kenton, Ohio 44326.

NOTE 18 – SET-ASIDE CALCULATIONS AND FUND RESERVES:-

The School district is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State Statute.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 18 – SET-ASIDE CALCULATIONS AND FUND RESERVES:- (continued)

	TEXTBOOKS	CAPITAL ACQUISITION	BUDGET STABILIZATION	TOTALS
Set-aside cash balances as of June 30, 1999	\$ 0	\$ 0	\$ 34,136	
Current year set-aside requirement	130,753	130,753	0	
Current year offsets	(16,425)	(127,047)	0	
Qualifying disbursements	<u>(103,573)</u>	<u>(52,953)</u>	<u>0</u>	
Total	<u>10,755</u>	<u>(49,247)</u>	<u>34,136</u>	
Cash balance carried forward to FY2001	<u>\$ 10,755</u>	<u>\$ (49,247)</u>	<u>\$ 34,136</u>	
Amount restricted for textbooks				\$ 10,755
Amount restricted for budget stabilization				<u>34,136</u>
Total restricted assets				<u>\$ 44,891</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

NOTE 19 - RELATED ORGANIZATION:-

Forest-Jackson Public Library - The Forest-Jackson Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Riverdale School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Forest-Jackson Public Library, Karen Moore, Clerk/Treasurer, at 122 East Lima Street, Forest, Ohio 45843.

NOTE 20 – CONTINGENCIES:-

B. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the District at June 30, 2000.

B. Litigation

The District is party to legal proceedings. The District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the District.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 21 – STATE SCHOOL FUNDING DECISION:-

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$3,496,738 of school foundation support for its general fund.

Since the Supreme Court Ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the Constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "the mandate of the Ohio Constitution has not been fulfilled". The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997 decision, however, it found seven "major areas warrant further attention, study and development by the General Assembly," including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operation.



REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Riverdale Local School District
20613 State Route 37
Mt. Blanchard, OH 45867

We have audited the general-purpose financial statements of Riverdale Local School District as of and for the year ended June 30, 2000, and have issued our report thereon dated January 25, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Riverdale Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Riverdale Local School District in a separate letter dated January 25, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Riverdale Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Riverdale Local School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Expenditures

The following internal control deficiencies were noted in the expenditure process:

- *1. In several instances, there was no invoice or supporting documentation attached to support the payment made.
- *2. In several instances, invoice amounts exceeded the purchase order amounts.

This limits the controls over expenditures and increases the possibility of errors or irregularities occurring and not being detected.

To improve controls over the expenditure process, we recommend that:

1. All payments be made only upon the strength of an original itemized invoice attached to the voucher.
2. The Treasurer or Superintendent should approve the charges that are over the purchase order. The required approval will help with excess spending and keep expenditures in line with the budget.

***Accounting Procedures**

Due to the size of the District, the treasurer prepares the duplicate receipt and the deposit, posts the receipts on the computer, reconciles the bank accounts, and performs all expenditure functions.

The purpose of a system of internal controls is to ensure that assets belonging to the entity are received when tendered, are protected while in custody of the entity and are used only for authorized purposes. A system of internal controls is not designed primarily to detect errors, but rather to reduce the opportunity for errors or dishonesties to occur. Controls are necessary to insure that moneys are used for proper public purpose and not wasted, misused or stolen. If one person is permitted to carry out all phases to transactions from beginning to end, there is no protection against fraud or errors.

To improve this situation we recommend that the administrative assistant be utilized more in the accounting functions and that periodic reviews of the District's records, by the Board of Education, be performed with notation of such reviews and the results thereof included in the Board minutes. Subsequent to year end, the District hired an assistant to the Treasurer which will help to mitigate the lack of segregation of duties.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our considerations of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financing reporting that we have reported to management of Riverdale Local School District in a separate letter dated January 25, 2001.

This report is intended for the information and use of the Board of Education and management and is not intended to be and should not be used by anyone other than these specified parties.

Shulworth & Mante

Certified Public Accountants

January 25, 2001
Marion, Ohio

RIVERDALE LOCAL SCHOOL DISTRICT
STATUS OF PRIOR AUDIT CITATIONS AND RECOMMENDATION
JUNE 30, 2000

RECOMMENDATIONS

There were thirteen recommendations issued in the prior audit report.

Three of these recommendations have been repeated and are indicated by an asterisk (*) in this report.

Officials will attempt to implement the recommendations.



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RIVERDALE LOCAL SCHOOL DISTRICT

HARDIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 22, 2001**