

RIVERDALE LOCAL SCHOOL DISTRICT
MT. BLANCHARD, OHIO
FINANCIAL STATEMENTS
JUNE 30, 2003



**Auditor of State
Betty Montgomery**

Board of Education
Riverdale Local School District
Mt. Blanchard, Ohio

We have reviewed the Independent Auditor's Report of the Riverdale Local School District, Hardin County, prepared by Holbrook & Manter, CPAs, for the audit period July 1, 2002 through June 30, 2003. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

November 16, 2004

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RIVERDALE LOCAL SCHOOL DISTRICT
GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

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FINANCIAL SECTION

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RIVERDALE LOCAL SCHOOL DISTRICT
GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

LIST OF PUBLIC OFFICIALS

Superintendent Joyce Plummer

Treasurer..... Joeline Ribley

Board of Education Joe Hochstettler, President
James Farmer, Vice President
John Livingston
James Thames
Lisa Rife



INDEPENDENT AUDITORS' 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, 2003 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 auditing standards generally accepted in the United States of America 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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, 2003, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2004 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.


Certified Public Accountants

February 20, 2004
Marion, Ohio

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
OHIO SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

**RIVERDALE LOCAL SCHOOL DISTRICT
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 2003**

	<u>Governmental Fund Types</u>				<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
Assets:									
Equity in Pooled Cash and Cash Equivalents	\$ 2,593,862	\$ 316,896	\$ 153,650	\$ 3,373,388	\$ 6,136	\$ 138,669	\$	\$	\$ 6,582,601
Cash and Cash Equivalents				6,498,271		20,000			6,518,271
Cash with Fiscal Agent				243,174					243,174
Receivables:									
Taxes	2,937,984	41,021	482,647	143,033					3,604,685
Accounts					972				972
Intergovernmental	4,799	86,441			7,732				98,972
Accrued Interest	1,063								1,063
Interfund Receivable	1,451								1,451
Income Tax	331,255								331,255
Materials and Supplies Inventory					23,130				23,130
Prepaid Items	37,063								37,063
Restricted Assets:									
Equity in Pooled Cash and Cash Equivalents	23,856								23,856
Fixed Assets					158,015		4,978,376		5,136,391
Accumulated Depreciation					(144,621)				(144,621)
Other Debits:									
Amount Available in Debt Service Fund for Retirement of Long-Term Obligations								152,211	152,211
Amount to be Provided From General Government Resources								6,047,798	6,047,798
Total Assets and Other Debits	<u>\$ 5,931,333</u>	<u>\$ 444,358</u>	<u>\$ 636,297</u>	<u>\$ 10,257,866</u>	<u>\$ 51,364</u>	<u>\$ 158,669</u>	<u>\$ 4,978,376</u>	<u>\$ 6,200,009</u>	<u>\$ 28,658,272</u>

The notes to the general-purpose financial statements are an integral part of this statement.

**RIVERDALE LOCAL SCHOOL DISTRICT
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 2003**

	<u>Governmental Fund Types</u>				<u>Proprietary</u>	<u>Fiduciary</u>	<u>Account Groups</u>		<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Debt</u> <u>Service</u>	<u>Capital</u> <u>Projects</u>	<u>Enterprise</u>	<u>Trust and</u> <u>Agency</u>	<u>General</u> <u>Fixed</u> <u>Assets</u>	<u>General</u> <u>Long-Term</u> <u>Obligations</u>	
Liabilities:									
Accounts Payable	\$ 9,026	\$ 3,808	\$	\$ 23,416	\$	\$	\$	\$	\$ 36,250
Contracts Payable				985,928					985,928
Accrued Wages and Benefits	614,646	17,737			19,557				651,940
Compensated Absences Payable	23,642				2,723			399,264	425,629
Interfund Payable						1,451			1,451
Retainage Payable				243,174					243,174
Intergovernmental Payable	101,699	2,865			11,451			57,944	173,959
Deferred Revenue	2,796,138	124,804	451,693	133,255					3,505,890
Due to Students						36,289			36,289
Judgments Payable								54,803	54,803
General Obligation Bonds Payable								5,687,998	5,687,998
Total Liabilities	<u>3,545,151</u>	<u>149,214</u>	<u>451,693</u>	<u>1,385,773</u>	<u>33,731</u>	<u>37,740</u>		<u>6,200,009</u>	<u>11,803,311</u>
Fund Equity and Other Credits:									
Investment in General Fixed Assets							4,978,376		4,978,376
Retained Earnings:									
Unreserved					17,633				17,633
Fund Balances:									
Reserved:									
Reserved for Encumbrances	118,151	22,401		4,326,418					4,466,970
Reserved for Prepaid Items	37,063								37,063
Reserved for Debt Service Principal			153,650						153,650
Reserved for Advances	1,451								1,451
Reserved for Contributions						20,000			20,000
Reserved for Property Taxes	141,846	2,658	30,954	9,778					185,236
Reserved for Textbooks & Instructional Materials	23,856								23,856
Designated for Budget Stabilization	34,136								34,136
Unreserved:									
Unreserved, Undesignated	2,029,679	270,085		4,535,897		100,929			6,936,590
Total Fund Equity and Other Credits	<u>2,386,182</u>	<u>295,144</u>	<u>184,604</u>	<u>8,872,093</u>	<u>17,633</u>	<u>120,929</u>	<u>4,978,376</u>		<u>16,854,961</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$ 5,931,333</u>	<u>\$ 444,358</u>	<u>\$ 636,297</u>	<u>\$ 10,257,866</u>	<u>\$ 51,364</u>	<u>\$ 158,669</u>	<u>\$ 4,978,376</u>	<u>\$ 6,200,009</u>	<u>\$ 28,658,272</u>

The notes to the general-purpose financial statements are an integral part of this statement.

RIVERDALE LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY TRUST FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Governmental Fund Types</u>		<u>Governmental Fund Types</u>		<u>Fiduciary Fund Types</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Revenues:						
Intergovernmental	\$ 4,664,267	\$ 223,448	\$ 58,863	\$ 6,808,749	\$	\$ 11,755,327
Interest	62,796			180,088		242,884
Tuition and Fees	9,474					9,474
Extracurricular Activities		124,928				124,928
Gifts and Donations	2,000					2,000
Income Tax	855,939					855,939
Property & Other Local Taxes	1,735,281	34,406	404,799	121,487		2,295,973
Miscellaneous	46,234					46,234
Total Revenues	<u>7,375,991</u>	<u>382,782</u>	<u>463,662</u>	<u>7,110,324</u>	<u>0</u>	<u>15,332,759</u>
Expenditures:						
Instruction:						
Regular	3,259,867	100,212				3,360,079
Special	315,809	147,145				462,954
Vocational	159,497					159,497
Other	222,055					222,055
Support services:						
Pupils	227,615	19,200		32,645		279,460
Instructional Staff	418,481	10,643				429,124
Board of Education	151,946					151,946
Administration	868,186	25,871				894,057
Fiscal	197,046	955		3,393		201,394
Business	28,020					28,020
Operation and Maintenance of Plant	588,874			11,638		600,512
Pupil Transportation	494,405	1,167				495,572
Non-Instructional Services	666				124	790
Extracurricular activities	189,533	110,383				299,916
Capital Outlay				11,601,814		11,601,814
Debt Service:						
Debt Service - Principal			293,230			293,230
Debt Service - Interest			269,424			269,424
Total Expenditures	<u>7,122,000</u>	<u>415,576</u>	<u>562,654</u>	<u>11,649,490</u>	<u>124</u>	<u>19,749,844</u>
Excess of Revenues Over (Under) Expenditures	<u>253,991</u>	<u>(32,794)</u>	<u>(98,992)</u>	<u>(4,539,166)</u>	<u>(124)</u>	<u>(4,417,085)</u>
Other Financing Sources and Uses:						
Operating Transfers In	1,624		101,758	345,860		449,242
Refund of Prior Year Expenditures	33,056					33,056
Operating Transfers Out	(124,411)		(320,484)	(27,000)		(471,895)
Total Other Financing Sources (Uses)	<u>(89,731)</u>	<u>0</u>	<u>(218,726)</u>	<u>318,860</u>	<u>0</u>	<u>10,403</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	164,260	(32,794)	(317,718)	(4,220,306)	(124)	(4,406,682)
Fund Balance at Beginning of Year	<u>2,221,922</u>	<u>327,938</u>	<u>502,322</u>	<u>13,092,399</u>	<u>325</u>	<u>16,144,906</u>
Fund Balance at End of Year	<u>\$ 2,386,182</u>	<u>\$ 295,144</u>	<u>\$ 184,604</u>	<u>\$ 8,872,093</u>	<u>\$ 201</u>	<u>\$ 11,738,224</u>

The notes to the general-purpose financial statements are an integral part of this statement.

RIVERDALE LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2003

	Governmental Fund Types					
	General			Special Revenue		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$ 4,473,614	\$ 4,669,196	\$ 195,582	\$ 291,637	\$ 223,448	\$ (68,189)
Interest	100,065	64,571	(35,494)			
Tuition and Fees	2,000	9,474	7,474			
Rent	100		(100)			
Extracurricular Activities				112,027	125,140	13,113
Gifts and Donations	1,000	2,000	1,000			
Income Tax	798,560	871,659	73,099			
Property & Other Local Taxes	1,811,575	1,824,706	13,131	35,162	36,031	869
Miscellaneous	63,795	46,295	(17,500)			
Total Revenues	7,250,709	7,487,901	237,192	438,826	384,619	(54,207)
Expenditures:						
Current:						
Instruction:						
Regular	3,396,408	3,280,520	115,888	152,486	109,677	42,809
Special	376,573	337,645	38,928	193,652	133,948	59,704
Vocational	165,277	158,820	6,457			
Adult/Continuing	271		271			
Other	224,006	224,006				
Support services:						
Pupils	234,899	228,399	6,500	33,297	19,548	13,749
Instructional Staff	414,808	406,952	7,856	12,876	10,803	2,073
Board of Education	235,407	169,484	65,923			
Administration	970,397	889,518	80,879	32,906	25,887	7,019
Fiscal	206,893	196,091	10,802	1,079	955	124
Business	35,557	34,681	876			
Operation and Maintenance of Plant	605,450	568,527	36,923			
Pupil Transportation	590,258	541,523	48,735	1,167	1,167	0
Central				2,145		2,145
Non-Instructional Services	1,833	999	834			
Extracurricular activities	192,806	191,233	1,573	156,951	127,646	29,305
Capital Outlay	34,136	34,136				
Debt Service						
Debt Service - Principal						
Debt Service - Interest						
Total Expenditures	7,684,979	7,262,534	422,445	586,559	429,631	156,928
Excess of Revenues Over (Under) Expenditures	(434,270)	225,367	659,637	(147,733)	(45,012)	102,721
Other Financing Sources and Uses						
Operating Transfers In		1,624	1,624			
Refund of Prior Year Expenditures		33,056	33,056			
Operating Transfers Out	(124,411)	(124,411)				
Total Other Financing Sources (Uses)	(124,411)	(89,731)	34,680			
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(558,681)	135,636	694,317	(147,733)	(45,012)	102,721
Fund Balances at Beginning of Year	2,269,261	2,269,261		316,474	316,474	
Prior Year Encumbrances Appropriated	92,386	92,386		19,817	19,817	
Fund Balance at end of Year	\$ 1,802,966	\$ 2,497,283	\$ 694,317	\$ 188,558	\$ 291,279	\$ 102,721

The notes to the general-purpose financial statements are an integral part of this statement.

RIVERDALE LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2003

	Governmental Fund Types					
	Debt Service			Capital Projects		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$ 51,648	\$ 57,424	\$ 5,776	\$ 6,802,452	\$ 6,808,749	\$ 6,297
Interest				348,022	180,088	(167,934)
Tuition and Fees						
Rent						
Extracurricular Activities						
Gifts and Donations						
Income Tax						
Property & Other Local Taxes	414,835	424,534	9,699	127,729	126,366	(1,363)
Miscellaneous						
Total Revenues	466,483	481,958	15,475	7,278,203	7,115,203	(163,000)
Expenditures:						
Current:						
Instruction:						
Regular						
Special						
Vocational						
Adult/Continuing						
Other						
Support services:						
Pupils				49,059	32,645	16,414
Instructional Staff						
Board of Education						
Administration						
Fiscal				3,500	3,393	107
Business						
Operation and Maintenance of Plant				11,638	11,638	
Pupil Transportation						
Central						
Non-Instructional Services						
Extracurricular activities						
Capital Outlay				21,515,532	17,522,972	3,992,560
Debt Service						
Debt Service - Principal	293,230	293,230				
Debt Service - Interest	269,424	269,424				
Total Expenditures	562,654	562,654		21,579,729	17,570,648	4,009,081
Excess of Revenues Over (Under) Expenditures	(96,171)	(80,696)	15,475	(14,301,526)	(10,455,445)	3,846,081
Other Financing Sources and Uses						
Operating Transfers In	101,758	101,758		345,860	345,860	
Refund of Prior Year Expenditures						
Operating Transfers Out	(320,484)	(320,484)		(27,000)	(27,000)	
Total Other Financing Sources (Uses)	(218,726)	(218,726)		318,860	318,860	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(314,897)	(299,422)	15,475	(13,982,666)	(10,136,585)	3,846,081
Fund Balances at Beginning of Year	451,633	451,633		6,509,808	6,509,808	
Prior Year Encumbrances Appropriated	1,439	1,439		8,188,966	8,188,966	
Fund Balance at end of Year	\$ 138,175	\$ 153,650	\$ 15,475	\$ 716,108	\$ 4,562,189	\$ 3,846,081

The notes to the general-purpose financial statements are an integral part of this statement.

RIVERDALE LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Fiduciary Trust Fund</u>			<u>Totals (Memorandum Only)</u>		
	<u>Expendable Trust</u>		<u>Variance: Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
	<u>Budget</u>	<u>Actual</u>				
Revenues:						
Intergovernmental	\$	\$	\$	\$ 11,619,351	\$ 11,758,817	\$ 139,466
Interest				448,087	244,659	(203,428)
Tuition and Fees				2,000	9,474	7,474
Rent				100	0	(100)
Extracurricular Activities				112,027	125,140	13,113
Gifts and Donations				1,000	2,000	1,000
Income Tax				798,560	871,659	73,099
Property & Other Local Taxes				2,389,301	2,411,637	22,336
Miscellaneous				63,795	46,295	(17,500)
Total Revenues				<u>15,434,221</u>	<u>15,469,681</u>	<u>35,460</u>
Expenditures:						
Current:						
Instruction:						
Regular	201		201	3,549,095	3,390,197	158,898
Special				570,225	471,593	98,632
Vocational				165,277	158,820	6,457
Adult/Continuing				271		271
Other				224,006	224,006	0
Support services:						
Pupils				317,255	280,592	36,663
Instructional Staff				427,684	417,755	9,929
Board of Education				235,407	169,484	65,923
Administration				1,003,303	915,405	87,898
Fiscal				211,472	200,439	11,033
Business				35,557	34,681	876
Operation and Maintenance of Plant				617,088	580,165	36,923
Pupil Transportation				591,425	542,690	48,735
Central				2,145		2,145
Non-Instructional Services	124	124		1,957	1,123	834
Extracurricular activities				349,757	318,879	30,878
Capital Outlay				21,549,668	17,557,108	3,992,560
Debt Service						
Debt Service - Principal				293,230	293,230	0
Debt Service - Interest				269,424	269,424	0
Total Expenditures	<u>325</u>	<u>124</u>	<u>201</u>	<u>30,414,246</u>	<u>25,825,591</u>	<u>4,588,655</u>
Excess of Revenues Over (Under) Expenditures	(325)	(124)	201	(14,980,025)	(10,355,910)	4,624,115
Other Financing Sources and Uses						
Operating Transfers In				447,618	449,242	1,624
Refund of Prior Year Expenditures					33,056	33,056
Operating Transfers Out				(471,895)	(471,895)	0
Total Other Financing Sources (Uses)				<u>(24,277)</u>	<u>10,403</u>	<u>34,680</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(325)	(124)	201	(15,004,302)	(10,345,507)	4,658,795
Fund Balances at Beginning of Year	325	325		9,547,501	9,547,501	
Prior Year Encumbrances Appropriated				8,302,608	8,302,608	
Fund Balance at end of Year	<u>\$ 0</u>	<u>\$ 201</u>	<u>\$ 201</u>	<u>\$ 2,845,807</u>	<u>\$ 7,504,602</u>	<u>\$ 4,658,795</u>

The notes to the general-purpose financial statements are an integral part of this statement.

**RIVERDALE LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS/FUND BALANCE
 ALL PROPRIETARY AND SIMILAR FIDUCIARY TRUST FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Revenues:			
Sales	\$ 226,202	\$	\$ 226,202
Interest		694	694
Total Operating Revenues	<u>226,202</u>	<u>694</u>	<u>226,896</u>
Operating Expenses			
Salaries	107,129		107,129
Fringe Benefits	67,286		67,286
Purchased Services	2,485		2,485
Materials and Supplies	189,704		189,704
Depreciation	1,898		1,898
Other	789	700	1,489
Total Operating Expenses	<u>369,291</u>	<u>700</u>	<u>369,991</u>
Operating Income (Loss)	(143,089)	(6)	(143,095)
Non-Operating Revenues and Expenses			
Federal Donated Commodities	47,067		47,067
Gifts and Donations		100,000	100,000
Interest	7		7
Federal and State Subsidies	83,363		83,363
Total Non-Operating Revenues and Expenses	<u>130,437</u>	<u>100,000</u>	<u>230,437</u>
Income (Loss) Before Operating Transfers	(12,652)	99,994	87,342
Operating Transfers-In	<u>22,653</u>		<u>22,653</u>
Net Income (Loss)	10,001	99,994	109,995
Retained Earnings/Fund Balances at Beginning of Year	7,632	20,737	28,369
Retained Earnings/Fund Balances at End of Year	<u>\$ 17,633</u>	<u>\$ 120,731</u>	<u>\$ 138,364</u>

The notes to the general-purpose financial statements are an integral part of this statement.

**RIVERDALE LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY AND SIMILAR FIDUCIARY TRUST FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2003**

	Proprietary Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Sales	\$ 226,042	\$	\$ 226,042
Cash Received from Gifts and Donations			0
Cash Payments to Suppliers for Goods and Service	(162,700)		(162,700)
Cash Payments for Contract Services	(2,485)		(2,485)
Cash Payments for Employee Services	(105,440)		(105,440)
Cash Payments for Employee Benefits	(67,308)		(67,308)
Other Cash Payments	(789)	(6)	(795)
Net Cash Provided (Used) by Operating Activities	(112,680)	(6)	(112,686)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	75,631		75,631
Non-operating Gifts and Donations		100,000	100,000
Transfers In	22,653		22,653
Net Cash Provided (Used) by Noncapital Financing Activities	98,284	100,000	198,284
Cash Flows from Investing Activities:			
Interest Received	7		7
Net Cash Provided (Used) by Investing Activities	7		7
Net Increase (Decrease) in Cash and Cash Equivalents	(14,389)	99,994	85,605
Cash and Cash Equivalents at Beginning of Year	20,525	20,737	41,262
Cash and Cash Equivalents at End of Year	\$ 6,136	\$ 120,731	\$ 126,867
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (143,089)	\$ (6)	\$ (143,095)
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:			
Depreciation	1,898		1,898
Donated Commodities Used During the Year	47,067		47,067
Nonexpendable Trust Interest			0
(Increase) Decrease in Assets:			
Accounts Receivable	(160)		(160)
Material and Supplies Inventory	(12,173)		(12,173)
Increase (Decrease) in Liabilities:			
Compensated Absences Payable	165		165
Intergovernmental Payable	3,061		3,061
Deferred Revenue	(7,890)		(7,890)
Accrued Wages and Benefits	(1,559)		(1,559)
Total Adjustments	30,409	0	30,409
Net Cash Provided (Used) by Operating Activities	\$ (112,680)	\$ (6)	\$ (112,686)
Reconciliation of Nonexpendable Trust Fund Cash Balance as of June 30, 2003:			
Cash and Cash Equivalents — Trust and Agency Funds			\$ 158,669
Less: Expendable Trust Funds			(201)
Less: Agency Funds			(37,737)
Cash and Cash Equivalents — Nonexpendable Trust Funds			\$ 120,731

The notes to the general-purpose financial statements are an integral part of this statement.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

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

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

The School District was established in 1962 through the consolidation of existing land areas and school districts. It is staffed by 50 classified employees, 87 certificated full-time teaching personnel and 4 administrative employees who provide services to 1,063 students and other community members. The School 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 of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Riverdale Local School District, this includes general operations, food service, and student related activities of the School District.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

The financial statements of the Riverdale Local School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 School District also applies 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 School District's accounting policies are described below.

A. Fund Accounting – Basis of Presentation

The School 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 School District functions or activities.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

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

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 resources.

For financial statement presentation purposes, the various funds of the School 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 School District are financed. The acquisition, use, and balances of the School 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 School District's governmental fund types:

General Fund - The General Fund is the operating fund of the School 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 School 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 expendable trusts or major capital projects) that are legally restricted to expenditure for specified 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 obligation principal, interest, and related costs.

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

Proprietary Fund Types

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

Enterprise Funds - Enterprise funds are used to account for School 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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

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

Fiduciary Fund Types

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

Expendable Trust Fund – 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 Fund – 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 result 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 a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types 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 financing 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 all 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 and nonexpendable trust fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

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

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 the governmental, expendable trust, and agency funds. The full accrual basis of accounting is followed for the proprietary fund type and nonexpendable trust fund.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the modified accrual basis when the exchange takes place and the resources are available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized on a modified accrual basis in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available to at fiscal year end; property taxes available as an advance, grants, interest, tuition, fees and customer services.

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. On accrual basis, revenue from property taxes is recognized in the fiscal year for which tax taxes are levied. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are recorded as deferred revenue.

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are 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. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the propriety fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

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

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 appropriations resolution are subject to amendment throughout the year with the 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 County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School 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 for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered 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 School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final Amended Certificate issued during fiscal year 2003.

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 expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of 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 within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do 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.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

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

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 fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. 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 School 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 School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

During fiscal year 2003, investments were limited to overnight repurchase agreements, nonnegotiable certificates of deposits, federal agency securities, and investments in the State Asset Treasury Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non participating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The District has invested funds in STAR Ohio during fiscal 2003. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2003.

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 they are purchased by the School District are considered to be cash equivalents.

E. Inventory

Inventory in the proprietary fund 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.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

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

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 fund. All purchased

fixed assets are valued at cost where historical are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. The School 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 an asset's life 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 School District will compensate the employees for the benefits through paid time off or some other means. The School 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.

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.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

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

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. 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 funds.

J. Intergovernmental Revenues

The School 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

Non-Reimbursable Grants

Special Revenue Funds

- Professional Development Block Grant
- Financial Literacy Grant
- Before and After School Program
- Management Information Systems
- Disadvantaged Pupil Impact Aid
- OneNet Program
- SchoolNet Administrative Professional Development Grant
- Textbooks/Instructional Materials Subsidy
- Ohio Reads
- Summer School Subsidy
- School Improvement Incentive Awards
- Safe Schools Help Line
- Summer School Transportation
- Eisenhower Fund
- Title I
- Title VI
- Title IV – Drug Free
- CIIP Grant
- Title II-A
- Title VI-R
- Title II-D
- Goals 2000 Intervention

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

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

Capital Projects Funds

School Net Professional Development Grant
Technology Equity

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 74 percent of the School District's operating revenue during the 2003 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 School District for the purchase of textbooks or for the acquisition or construction of capital assets. See Note 19 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

L. Fund Balance Reserves

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

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 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.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

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

N. Total Columns on General Purpose Financial Statements

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.

O. Reclassifications/Restatements

Certain amounts for the year ended June 30, 2002, have been reclassified to conform with the presentation and to conform with the beginning balances based upon the 4502 statement at June 30, 2003. The reclassifications were between the debt services fund and the capital projects fund and have no effect on net income for the years ended June 30, 2003.

NOTE 3 – ACCOUNTABILITY:-

At June 30, 2003, the Title I and Title VI-R funds had a deficit fund balance of \$12,706 and \$2,973, respectively, which was created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING:-

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of accounting principles generally accepted in the United States of America (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 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual-All Governmental Fund Types and Expendable Trust 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 basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
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).

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING:- (continued)

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					
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget basis	\$ 135,636	\$ (45,012)	\$ (299,422)	\$ (10,136,585)	\$ (124)
Revenue accruals	(111,909)	(1,837)	(18,296)	(4,879)	0
Expenditure accruals	20,099	(11,562)	0	608,812	0
Other sources/uses	0	0	0	0	0
Encumbrances	120,434	25,617	0	5,312,346	0
GAAP basis	\$ 164,260	\$ (32,794)	\$ (317,718)	\$ (4,220,306)	\$ (124)

NOTE 5 - DEPOSITS AND INVESTMENTS:-

State statutes require the classification of monies held by the School 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 School 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 deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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 School 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 must be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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;

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

NOTE 5 - DEPOSITS AND INVESTMENTS:- (continued)

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 any securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and to 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) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse purchase 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 or debt of the School 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. Payment 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 aggregate 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.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

NOTE 5 - DEPOSITS AND INVESTMENTS:- (continued)

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 School District's deposits was \$4,600,139 and the bank balance was \$4,618,649. This amount includes \$121,125 in business checking accounts, \$243,174 in a Sky Bank cash account as a retainer payable for the completion of construction, and \$4,254,350 held in a platinum savings account. Of the bank balance, \$131,125 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 the Federal Reserve Bank and designated third party trustees of the financial institutions.

The School District's investments are categorized below to give an indication of the level of custodial credit risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District. Category 2 includes uninsured and unregistered investments, which are held by the counterparty's or trust department or agent in the School 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 School District's name. The School District's investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are 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, 2003 was \$758,617.

	<u>Category 1</u> <u>Investments</u>	<u>Category 2</u> <u>Investments</u>	<u>Category 3</u> <u>Investments</u>	<u>Reported</u> <u>Amount</u>	<u>Fair</u> <u>Value</u>
Fifth Third Repurchase Agreement	\$	\$	\$ 6,498,271	\$ 6,498,271	\$ 6,498,271
Sky Bank Repurchase Agreement			1,490,875	1,490,875	1,490,875
Certificate of Deposit		20,000		20,000	20,000
Total	<u>\$</u>	<u>\$ 20,000</u>	<u>\$ 7,989,146</u>		
Investment in STAR Ohio				<u>\$ 758,617</u>	<u>\$ 758,617</u>
Total Investments				<u>\$ 8,767,763</u>	<u>\$ 8,767,763</u>

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</u> <u>Equivalents</u> <u>Deposits</u>	<u>Investments</u>
GASB Statement 9	\$ 13,367,902	
Investments:-		
Certificate of Deposit	(20,000)	\$ 20,000
STAR Ohio	(758,617)	758,617
Fifth Third Repurchase	(6,498,271)	6,498,271
Sky Bank Repurchase	(1,490,875)	1,490,875
GASB Statement 3	<u>\$ 4,600,139</u>	<u>\$ 8,767,763</u>

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

NOTE 6 - PROPERTY TAXES:-

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 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 with the remainder payable by June 20. Under certain circumstance, State statute permits alternated 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, 2003. 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 fiscal 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, 2003, was \$141,846 in the General Fund, \$2,658 in the Classroom Facilities Special Revenue Fund, \$30,954 in the Bond Retirement Debt Service Fund and \$9,778 in the Permanent Improvement Capital Projects Fund.

The School 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, 2003 are available to finance fiscal year 2003 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 2003 taxes were collected are:

	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 75,095,590	89%
Public utilities	4,073,940	5%
Tangible personal property	5,275,120	6%
Total assess value	<u>\$ 84,444,650</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$ 40.20	

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

NOTE 7 - INCOME TAX:-

The School District levies a voted tax of 1.0 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2003, 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 School 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, 2003, consisted of 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.

NOTE 9 - FIXED ASSETS:-

A summary of the enterprise funds' fixed assets at June 30, 2003, follows:

Furniture and equipment	\$	158,015
Less: Accumulated depreciation		<u>(144,621)</u>
Net fixed assets	\$	<u><u>13,394</u></u>

A summary of the changes in general fixed assets during fiscal year 2003 follows:

Asset Category	<u>Balance at 6-30-02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6-30-03</u>
Land and land improvements	\$ 325,775	\$ 45,967		\$ 371,742
Buildings and improvements	2,235,898			2,235,898
Furniture and equipment	1,520,095	16,364		1,536,459
Vehicles	<u>775,467</u>	<u>58,810</u>		<u>834,277</u>
Totals	<u>\$ 4,857,235</u>	<u>\$ 121,141</u>	<u>\$ 0</u>	<u>\$ 4,978,376</u>

NOTE 10 - RISK MANAGEMENT:-

The School 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 2003, the School District contracted for the following insurance coverages.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

NOTE 10 - RISK MANAGEMENT:- (continued)

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	\$2,500	\$20,436,137
Inland Marine Coverage	500	469,876
Automobile Liability	1,000	1,000,000
Uninsured Motorists	1,000	1,000,000
General Liability		
Per occurrence		1,000,000
Aggregate		2,000,000
Commercial Umbrella Liability		2,000,000

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

For fiscal year 2003, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School 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.

The School 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 School 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 for the Plan, a participant is responsible for the payment for 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 is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statement and required supplementary information. The report may be obtained by writing to SERS, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

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

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; 5.46% was the portion used to fund pension obligations. 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 School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$147,720, \$131,714, and \$118,296, respectively; 48 percent has been contributed for fiscal year 2003 and 100 percent for the fiscal years 2002 and 2001. \$76,320 representing the unpaid contribution for fiscal year 2003 is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The Riverdale Local School 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 by Chapter 3307, of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2003 were 9.3 percent of covered payroll for members and 14 percent for employers; 9.5% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$500,594, \$496,875, and \$445,311, respectively; 84 percent has been contributed for fiscal year 2003 and 100 percent for the fiscal years 2002 and 2001. \$82,123 representing the unpaid contribution for fiscal year 2003 is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. The District's liability is 6.2% of wages paid.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

NOTE 12 - POSTEMPLOYMENT BENEFITS:-

The State Teachers Retirement System (STRS) provides access to health care coverage to retirees who participated in the Defined Benefit Plan and their dependents. Coverage under the current program includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code, the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care costs in the form of 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 Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2002, the board allocated employer contributions equal to 4.5 percent of covered payroll to Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.011 billion on June 30, 2002.

For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000. There were 105,300 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service 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 the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2002, the allocation rate is 8.54 percent. In addition, SERS levies a 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 2002, the minimum pay has been established as \$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, 2002 were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, the Retirement System's net assets available for payment of health care benefits were \$335.2 million. The number of participants currently receiving health care benefits is approximately 50,000.

The portion of your employer contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times .61, then adding the surcharge due as of June 30, 2002, as certified to your district by SERS.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

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 percent of accrued, but unused sick leave credit to a maximum of 60 days for classified employees and 60 days for certified employees.

B. Life Insurance

The School District provides life insurance and 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.

NOTE 14 - LONG-TERM OBLIGATIONS:-

The changes in the School District's long-term obligations during fiscal year 2003 were as follows:

	Balance at <u>July 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	Balance at <u>June 30, 2003</u>
Series 2003 Building Bonds	\$ 5,877,998		\$ 190,000	\$ 5,687,998
1993 Judgment Bonds	109,803		55,000	54,803
1996 School Bus Bonds	<u>37,000</u>		<u>37,000</u>	<u>0</u>
Total debt	6,024,801		282,000	5,742,801
Compensated absences	403,210		3,946	399,264
Intergovernmental payable	<u>52,117</u>	<u>\$ 5,827</u>	<u>0</u>	<u>57,944</u>
Total general long-term obligations	<u>\$ 6,480,128</u>	<u>\$ 5,827</u>	<u>\$ 285,946</u>	<u>\$ 6,200,009</u>

General Obligation Bonds - On June 1, 2002, Riverdale Local School District issued \$5,952,998 in voted general obligation bonds for school improvements. The bonds were issued for a twenty-two year period with final maturity at December 1, 2023 with an interest rate of 4.9525 percent. The bonds 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 an interest rate of 7.00 percent. The bonds will be retired from the debt service fund.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

NOTE 14 - LONG-TERM OBLIGATIONS:- (continued)

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 School District's voted legal debt margin was \$1,857,218 with an unvoted debt margin of \$84,445 at June 30, 2003.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2003, are as follows:

Fiscal Year Ending June 30.	Principal	Interest	Total
2004	\$ 249,803	\$ 257,100	\$ 506,903
2005	200,000	246,449	446,449
2006	215,000	239,025	454,025
2007	225,000	230,770	455,770
2008	225,000	221,939	446,939
2009-2013	1,098,230	1,138,122	2,236,352
2014-2018	1,279,768	941,932	2,221,700
2019-2023	1,845,000	351,015	2,196,015
2024	405,000	10,530	415,530
Total	<u>\$ 5,742,801</u>	<u>\$ 3,636,882</u>	<u>\$ 9,379,683</u>

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS:-

The School 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 School District as of and for the fiscal year ended June 30, 2003.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating revenues	\$ 190,744	\$ 35,458	\$ 226,202
Depreciation expense	1,898	0	1,898
Operating income (loss)	(137,544)	(5,545)	(143,089)
Donated commodities	47,067	0	47,067
Interest	7	0	7
Grants	83,363	0	83,363
Transfers in	22,653	0	22,653
Net income (loss)	15,546	(5,545)	10,001
Net working capital	(2,712)	6,951	4,239
Total assets	44,413	6,951	51,364
Total liabilities	33,731	0	33,731
Total equity	10,682	6,951	17,633

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS:-

Western Ohio Computer Organization - The School District is a participant in the Western Ohio Computer Organization (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 school 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 serves as the Fiscal Agent, at 129 East Court Street, 4th Floor, Sidney, Ohio 45365.

Millstream Cooperative Vocational Career Center – The Millstream Cooperative Vocational Career Center (Career Center) is a distinct political subdivision of the State of Ohio established under Section 3313.90 of the Ohio Revised Code. The Career Center provides vocational instruction to students. The Career Center operates under the direction of an Advisory Council consisting of the superintendent of each participating school district and one additional representative appointed by the Findlay City School District. The Treasurers from the Hancock and Putnam County Educational Service Centers serve in an ex-officio capacity for all meetings. Financial information can be obtained from the Findlay City School District, Pam Barber, who serves as treasurer, 227 South West Street, Findlay, Ohio 45840-3377.

NOTE 17 - INSURANCE PURCHASING POOL:-

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School 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 School 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 Trust.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

NOTE 17 - INSURANCE PURCHASING POOL:- (continued)

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 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.

	<u>Textbooks</u>		<u>Capital Acquisition</u>		<u>Totals</u>
Set-aside cash balance as of June 30, 2002	\$ 53,136				
Current year set-aside requirement	147,684	\$	147,684		
Current year offsets	0	(142,663)		
Qualifying disbursements	<u>(176,964)</u>	<u>(</u>	<u>152,035)</u>		
Total	<u>\$ 23,856</u>	<u>\$</u>	<u>(147,014)</u>		
Cash balance carried forward to FY2004	<u>\$ 23,856</u>			\$	<u>23,856</u>

Amounts of qualifying disbursements presented for capital acquisitions in the table were limited to those necessary to reduce the year-end balance to zero.

NOTE 19 - RELATED ORGANIZATION:-

Forest-Jackson Public Library – The Forest 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.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2003

NOTE 20 – CONTINGENCIES:-

A. Grants

The School 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 are 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 adverse effect on the overall financial position of the School District at June 30, 2003.

B. Litigation

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

NOTE 21 – STATE SCHOOL FUNDING DECISION:-

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...The Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.



**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, 2003, and have issued our report thereon dated February 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 immaterial instances of noncompliance that are required to be reported under *Government Auditing Standards*. We have reported these instances to the management of Riverdale Local School District in a separate letter dated February 20, 2004.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

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 general purpose 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Riverdale Local School District in a separate letter dated February 20, 2004.

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.

Shelburne & Manton

Certified Public Accountants

February 20, 2004
Marion, Ohio

RIVERDALE LOCAL SCHOOL DISTRICT
STATUS OF PRIOR AUDIT CITATIONS AND RECOMMENDATIONS
YEAR ENDED JUNE 30, 2003

CITATIONS AND RECOMMENDATIONS

There were no citations or recommendations issued in the prior year audit report.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**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
NOVEMBER 30, 2004**