

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2010



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Riverdale Local School District, Hardin County, prepared by E. S. Evans and Company, for the audit period July 1, 2009 through June 30, 2010. 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.

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Dave Yost
Auditor of State

March 26, 2012

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RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

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Steven D. Hooker, CPA • John E. Klay, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Education
Riverdale Local School District
Hardin County, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Riverdale Local School District (the District) as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these 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 the Comptroller General of the United States' Government Auditing Standards. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Ohio Administrative Code Section 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Riverdale Local School District, as of June 30, 2010, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the Classroom Facilities & Maintenance Fund for the year then ended in conformity with the basis of accounting described in Note 2.

In accordance with Government Auditing Standards, we have also issued a report dated January 11, 2011 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with Government Auditing Standards. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Schedule of Federal Awards Receipts and Expenditures provides additional information required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As discussed in Note 21 to the financial statements, Riverdale Local School District failed to report \$188,658 in grant funding received and spent on behalf of the District through the Hardin County Educational Service Center. This discovery was made subsequent to the issuance of the financial statements. The financial statements have been restated to reflect this correction.

A handwritten signature in red ink, likely of the auditor or a representative of the auditing firm, is located at the bottom left of the page. The signature is cursive and difficult to decipher but appears to include the name 'E. J. ...'.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2010

The discussion and analysis of the Riverdale Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2010 are as follows:

In total, net assets decreased \$1,019,655.

General receipts accounted for \$8,833,405, or 81 percent of all receipts. Program specific receipts in the form of grants and contributions accounted for \$2,320,199, or 21 percent of total receipts of \$11,153,604.

The District's major funds included the General Fund, the Bond Retirement Fund, the Permanent Improvement Fund, and the Classroom Facilities & Maintenance Fund. The General Fund had \$9,018,673 in receipts and other financing sources and \$9,423,248 in disbursements and other financing uses. The General Fund's balance decreased \$404,575 from the prior fiscal year. The Bond Retirement Fund had \$466,599 in receipts and \$463,315 in disbursements. The Bond Retirement Fund's balance increased \$3,284 from the prior fiscal year. The Permanent Improvement Fund had \$658,151 in disbursements and the fund balance of this fund decreased by the same amount. The Classroom Facilities & Maintenance Fund had \$43,428 in receipts and \$17,267 in disbursements. The Classroom Facilities & Maintenance Fund balance increased \$26,161 from the prior fiscal year.

The receipts generated from the Bond Retirement Fund are used to pay for the current portion of bonded debt.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity. The statement of net assets and the statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column. For the District, the General Fund is by far the most significant fund. The General Fund, the Bond Retirement Fund, the Permanent Improvement Fund, and the Classroom Facilities & Maintenance Fund are the only four major funds.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2010

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities reflect how the District did financially during fiscal year 2010. These statements are reported on the cash basis of accounting which reflects receipts and disbursements when cash is received or paid.

These statements report the District's net assets and changes in those net assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the cash basis statement of net assets and the statement of activities, the District discloses a single type of activity:

Governmental Activities - All of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax receipts and from intergovernmental receipts, including federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, the Bond Retirement Fund, the Permanent Improvement Fund, and the Classroom Facilities & Maintenance Fund. While the District uses many funds to account for its financial transactions, these funds are the most significant.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2010

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the cash basis of accounting.

The District as a Whole

Table 1 provides a summary of the District's net assets for fiscal year 2010 compared to fiscal year 2009.

Table 1
Net Assets
Governmental Activities

	<u>2010</u>	<u>2009</u>
<u>Assets:</u>		
Cash and Cash Equivalents	<u>\$1,011,897</u>	<u>\$2,031,552</u>
Total Assets	<u>1,011,897</u>	<u>2,031,552</u>
<u>Net Assets:</u>		
Restricted	936,700	1,551,780
Unrestricted	<u>75,197</u>	<u>479,772</u>
Total	<u>\$1,011,897</u>	<u>\$2,031,552</u>

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2010

Table 2 reflects the changes in net assets for fiscal year 2010. This is the first year of implementation of the cash basis of accounting. Comparative figures are not available for fiscal year 2009. A comparative analysis will be provided in future years when prior year information is available.

Table 2
Change in Net Assets
Governmental Activities

	2010
<u>Receipts:</u>	
Program Receipts:	
Charges for Services and Sales	\$908,175
Operating Grants, Contrib & Interest	1,412,024
Total Program Receipts	2,320,199
General Receipts:	
Property Taxes	2,224,670
Income Taxes	971,338
Grants and Entitlements	5,601,664
Interest	12,841
Gifts and Donations	100
Miscellaneous	22,792
Total General Receipts	8,833,405
Total Receipts	11,153,604
 <u>Disbursements:</u>	
Instruction	6,459,656
Support Services:	
Pupils	298,563
Instructional Staff	381,162
Board of Education	98,927
Administration	878,606
Fiscal	255,811
Business	35,238
Operation and Maintenance of Plant	1,048,818
Pupil Transportation	659,385
Central	58,521
Non-Instructional	405,552
Extracurricular Activities	471,554
Capital Outlay	658,151
Principal	260,883
Interest and Fiscal Charges	202,432
Total Disbursements	12,173,259
Increase/(Decrease) in Net Assets	(\$1,019,655)

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2010

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts and unrestricted state entitlements.

Table 3
Governmental Activities

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2010</u>	<u>2010</u>
Instruction	\$6,459,656	\$5,255,791
Support Services:		
Pupils	298,563	256,320
Instructional Staff	381,162	295,597
Board of Education	98,927	98,927
Administration	878,606	878,606
Fiscal	255,811	255,811
Business	35,238	35,238
Operation and Maintenance of Plant	1,048,818	696,253
Pupil Transportation	659,385	633,004
Central	58,521	53,521
Non-Instructional	405,552	(15,681)
Extracurricular Activities	471,554	288,207
Capital Outlay	658,151	658,151
Principal	260,883	260,883
Interest and Fiscal Charges	202,432	202,432
Total Disbursements	<u>\$12,173,259</u>	<u>\$9,853,060</u>

The dependence upon tax receipts and unrestricted state entitlements for governmental activities is apparent. Over 81 percent of instruction activities are supported through taxes and other general receipts. For all governmental activities, support from general receipts is 79 percent. The remaining 21 percent is derived from tuition and fees, specific grants, and donations.

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. The District's major governmental funds are the General Fund, the Bond Retirement Fund, the Permanent Improvement Fund, and the Classroom Facilities & Maintenance Fund. Total governmental funds had receipts and other financing sources of \$11,197,905 and disbursements of \$12,217,560. The net negative change of \$1,019,655 in fund balance for the year indicates that the District had some difficulty in meeting current costs.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2010

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2010, the District amended its General Fund budget as needed.

Final disbursements were budgeted at \$9,560,655, while actual disbursements were \$9,448,440. The \$112,215 difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

Debt Administration

Debt

At June 30, 2010, the District had \$4,142,998 in building project general obligation bonds for building a new K-12 school building. The bonds were issued for a twenty-two year period, with final maturity on December 1, 2023. The bonds are being retired through the Bond Retirement Fund.

At June 30, 2010, the District's overall legal debt margin was \$4,232,650, with an un-voted debt margin of \$93,063.

	Outstanding Debt at Year-End	
	2010	2009
Series 2003 Building Bonds	\$ <u>4,142,998</u>	\$ <u>4,392,998</u>

For further information regarding the District's debt, see the notes to the financial statements.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2010

Current Issues

The District is holding its own in the state of a declining economy and uncertainty in State funding. The District's territory encompasses the villages of Mt Blanchard, Forest, Patterson and Wharton, and Delaware and Richland Townships, 97.6% of Jackson Township and smaller portions of 10 other townships in Northwest Ohio. It has a number of small businesses with agriculture being a major source of employment and income in the District.

The District is currently operating in the second year of the state biennium budget. 47 percent of District revenue sources are from local funds and 53 percent is from state and federal funds. The total expenditure per pupil was calculated at \$9,275.

Over the past several years, the District has remained in a good financial position. In November 2009, the District passed a five-year replacement levy of 6.9 mills to generate \$559,650 annually. In May 2010, the District renewed a three-year 1% school district income tax to generate \$840,555 annually. These levies provide a source of funds for the financial operations and stability of the District. However, future finances are not without challenges as our community changes and state funding is revised. Some of these challenges are in the future of state funding for schools in light of the DeRolph court case and the long term effects of public utility deregulation, as well as the reduction of personal property for business inventory.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Joeline Ribley, Treasurer, Riverdale Local School District, 20613 SR 37, Mt Blanchard, Ohio 45867.

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RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF NET ASSETS - CASH BASIS

June 30, 2010

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$ <u>1,011,897</u>
Total Assets	<u><u>1,011,897</u></u>
<u>Net Assets:</u>	
Restricted For:	
Debt Service	536,907
Capital Projects	130,857
Other Purposes	268,936
Unrestricted	<u>75,197</u>
Total Net Assets	\$ <u><u>1,011,897</u></u>

The accompanying notes are an integral part of these financial statements.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF ACTIVITIES - CASH BASIS

For the Year Ended June 30, 2010

	Cash	<u>Program Receipts</u>		<u>Change in Net Assets</u>
	<u>Disbursements</u>	<u>Charges for</u>	<u>Operating Grants</u>	<u>Governmental</u>
		<u>Services and Sales</u>	<u>and Contributions</u>	<u>Activities</u>
<u>Governmental Activities:</u>				
Instructions:				
Regular	\$ 4,327,356	\$ 499,332	\$ 144,481	\$ (3,683,543)
Special	1,190,540	-	489,659	(700,881)
Vocational	195,640	-	70,393	(125,247)
Student Intervention Services	7,295	-	-	(7,295)
Other	738,825	-	-	(738,825)
Support Services:				
Pupils	298,563	-	42,243	(256,320)
Instructional Staff	381,162	-	85,565	(295,597)
Board of Education	98,927	-	-	(98,927)
Administration	878,606	-	-	(878,606)
Fiscal	255,811	-	-	(255,811)
Business	35,238	-	-	(35,238)
Operation and Maintenance of Plant	1,048,818	-	352,565	(696,253)
Pupil Transportation	659,385	-	26,381	(633,004)
Central	58,521	-	5,000	(53,521)
Non-Instructional Services	405,552	225,496	195,737	15,681
Extracurricular Activities	471,554	183,347	-	(288,207)
Capital Outlay	658,151	-	-	(658,151)
Debt Service:				
Principal Retirement	260,883	-	-	(260,883)
Interest and Fiscal Charges	202,432	-	-	(202,432)
Total Governmental Activities	\$ <u>12,173,259</u>	\$ <u>908,175</u>	\$ <u>1,412,024</u>	(9,853,060)

General Receipts:

Property Taxes Levied for General Purposes	1,788,300
Property Taxes Levied for Debt Service	400,678
Property Taxes Levied for Classroom Facilities	35,692
Income Taxes	971,338
Grants and Entitlements not Restricted to Specific Program	5,601,664
Gifts and Donations	100
Interest	12,841
Miscellaneous	22,792
Total General Receipts	<u>8,833,405</u>
Change in Net Assets	(1,019,655)
Net Assets Beginning of Year	2,031,552
Net Assets End of Year	\$ <u>1,011,897</u>

The accompanying notes are an integral part of these financial statements.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2010

	General	Bond Retirement Fund	Permanent Improvement Fund	Classroom Facilities & Maintenance Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	\$ 75,197	\$ 536,907	\$ 130,847	\$ 86,271	\$ 182,675	\$ 1,011,897
Total Assets	75,197	536,907	130,847	86,271	182,675	1,011,897
<u>Fund Balances:</u>						
Reserved:						
Encumbrances	25,192	-	128,381	-	10,920	164,493
Unreserved:						
Undesignated, Reported in:						
General Fund	50,005	-	-	-	-	50,005
Special Revenue Funds	-	-	-	86,271	171,745	258,016
Debt Service Fund	-	536,907	-	-	-	536,907
Capital Projects Funds	-	-	2,466	-	10	2,476
Total Fund Balances	\$ 75,197	\$ 536,907	\$ 130,847	\$ 86,271	\$ 182,675	\$ 1,011,897

The accompanying notes are an integral part of these financial statements.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
CASH BASIS FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2010

	General	Bond Retirement Fund	Permanent Improvement Fund
<u>Receipts:</u>			
Property Taxes	\$ 1,788,300	\$ 400,678	\$ -
Income Tax	971,338	-	-
Intergovernmental	5,727,750	65,921	-
Interest	6,175	-	-
Tuition and Fees	449,195	-	-
Extracurricular Activities	-	-	-
Charges for Services	-	-	-
Gifts and Donations	100	-	-
Rentals	11,545	-	-
Miscellaneous	19,969	-	-
Total Receipts	8,974,372	466,599	-
<u>Disbursements:</u>			
Current:			
Instruction:			
Regular	4,233,518	-	-
Special	694,754	-	-
Vocational	195,205	-	-
Student Intervention Services	7,237	-	-
Other	732,515	-	-
Support Services			
Pupils	248,337	-	-
Instructional Staff	294,404	-	-
Board of Education	98,902	-	-
Administration	876,328	-	-
Fiscal	254,339	-	-
Business	35,238	-	-
Operation and Maintenance of Plant	766,702	-	-
Pupil Transportation	657,995	-	-
Central	52,677	-	-
Non-Instructional Services			
Extracurricular Activities	275,097	-	-
Capital Outlay	-	-	658,151
Debt Service:			
Principal Retirement	-	260,883	-
Interest and Fiscal Charges	-	202,432	-
Total Disbursements	9,423,248	463,315	658,151
Excess of Receipts Over (Under) Disbursements	(448,876)	3,284	(658,151)
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	-	-	-
Transfers In	44,301	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	44,301	-	-
Net Change in Fund Balances	(404,575)	3,284	(658,151)
Fund Balances Beginning of Year	479,772	533,623	788,998
Fund Balances End of Year	\$ 75,197	\$ 536,907	\$ 130,847

The accompanying notes are an integral part of these financial statements.

Classroom Facilities & Maintenance Fund	All Other Governmental Funds	Total Governmental Funds
\$ 35,692	\$ -	\$ 2,224,670
-	-	971,338
7,736	1,212,281	7,013,688
-	6,666	12,841
-	38,592	487,787
-	183,347	183,347
-	225,496	225,496
-	-	100
-	-	11,545
-	1,448	21,417
<u>43,428</u>	<u>1,667,830</u>	<u>11,152,229</u>
-	93,838	4,327,356
-	495,786	1,190,540
-	435	195,640
-	58	7,295
-	6,310	738,825
-	50,226	298,563
-	86,758	381,162
-	25	98,927
-	2,278	878,606
971	501	255,811
-	-	35,238
16,296	265,820	1,048,818
-	1,390	659,385
-	5,844	58,521
-	405,552	405,552
-	196,457	471,554
-	-	658,151
-	-	260,883
-	-	202,432
<u>17,267</u>	<u>1,611,278</u>	<u>12,173,259</u>
<u>26,161</u>	<u>56,552</u>	<u>(1,021,030)</u>
-	1,375	1,375
-	-	44,301
-	(44,301)	(44,301)
-	(42,926)	1,375
<u>26,161</u>	<u>13,626</u>	<u>(1,019,655)</u>
<u>60,110</u>	<u>169,049</u>	<u>2,031,552</u>
<u>\$ 86,271</u>	<u>\$ 182,675</u>	<u>\$ 1,011,897</u>

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL COMPARISON - BUDGET BASIS

GENERAL FUND

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Receipts:</u>				
Property and Other Local Taxes	\$ 1,824,131	\$ 1,787,580	\$ 1,788,300	\$ 720
Income Tax	1,121,564	971,338	971,338	-
Intergovernmental	6,043,007	5,727,737	5,727,750	13
Interest	15,000	6,186	6,175	(11)
Tuition and Fees	369,745	449,016	449,195	179
Rent	20,920	20,920	11,545	(9,375)
Gifts and Donations	-	-	100	100
Miscellaneous	44,350	26,136	19,969	(6,167)
Total Receipts	<u>9,438,717</u>	<u>8,988,913</u>	<u>8,974,372</u>	<u>(14,541)</u>
<u>Disbursements:</u>				
Current:				
Instruction:				
Regular	4,173,700	4,269,520	4,237,064	32,456
Special	820,430	696,017	695,177	840
Vocational	216,686	195,949	195,205	744
Student Intervention Services	24,580	9,916	7,644	2,272
Other	670,000	732,515	732,515	-
Support Services:				
Pupils	250,470	252,021	248,424	3,597
Instructional Staff	378,819	296,872	295,208	1,664
Board of Education	95,010	100,857	98,902	1,955
Administration	869,958	880,452	876,657	3,795
Fiscal	254,008	258,596	254,339	4,257
Business	38,971	39,571	35,238	4,333
Operation and Maintenance of Plant	1,157,981	824,968	776,702	48,266
Pupil Transportation	680,293	671,866	667,482	4,384
Central	52,042	52,700	52,677	23
Operation of Non-Instructual Services	44	44	-	44
Extracurricular Activities	294,726	278,791	275,206	3,585
Total Disbursements	<u>9,977,718</u>	<u>9,560,655</u>	<u>9,448,440</u>	<u>112,215</u>
Excess of Receipts Under Disbursements	<u>(539,001)</u>	<u>(571,742)</u>	<u>(474,068)</u>	<u>97,674</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	50,000	44,301	(5,699)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>50,000</u>	<u>44,301</u>	<u>(5,699)</u>
Net Change in Fund Balance	(539,001)	(521,742)	(429,767)	91,975
Fund Balance at Beginning of Year	424,928	424,928	424,928	-
Prior Year Encumbrances Appropriated	54,844	54,844	54,844	-
Fund Balance at End of Year	<u>\$ (59,229)</u>	<u>\$ (41,970)</u>	<u>\$ 50,005</u>	<u>\$ 91,975</u>

The accompanying notes are an integral part of these financial statements.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL COMPARISON - BUDGET BASIS
CLASSROOM FACILITIES & MAINTENANCE FUND
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Receipts:</u>				
Property and Other Local Taxes	\$ 35,300	\$ 35,692	\$ 35,692	\$ -
Intergovernmental	6,780	7,736	7,736	-
Total Receipts	<u>42,080</u>	<u>43,428</u>	<u>43,428</u>	<u>-</u>
<u>Disbursements:</u>				
Current:				
Support Services:				
Fiscal	1,100	1,100	971	129
Operation and Maintenance of Plant	45,203	45,919	16,296	29,623
Total Disbursements	<u>46,303</u>	<u>47,019</u>	<u>17,267</u>	<u>29,752</u>
Excess of Receipts				
Under Disbursements	<u>(4,223)</u>	<u>(3,591)</u>	<u>26,161</u>	<u>29,752</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	-	46,911	-	(46,911)
Refund of Prior Year Receipts	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>46,911</u>	<u>-</u>	<u>(46,911)</u>
Net Change in Fund Balance	(4,223)	43,320	26,161	(17,159)
Fund Balance at Beginning of Year	60,110	60,110	60,110	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance at End of Year	<u>\$ 55,887</u>	<u>\$ 103,430</u>	<u>\$ 86,271</u>	<u>\$ (17,159)</u>

The accompanying notes are an integral part of these financial statements.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS

June 30, 2010

	<u>Private Purpose Trust</u>	<u>Agency</u>
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$ <u>21,000</u>	\$ <u>45,924</u>
<u>Net Assets:</u>		
Held In Trust for:		
Scholarships	21,000	-
Students	-	45,924
Total Net Assets	\$ <u>21,000</u>	\$ <u>45,924</u>

The accompanying notes are an integral part of these financial statements.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - CASH BASIS

For the Year Ended June 30, 2010

	<u>Private Purpose Trust</u>
<u>Additions:</u>	
Interest	\$ 693
Total Additions	<u>693</u>
<u>Deductions:</u>	
Scholarships	<u>500</u>
Total Deductions	<u>500</u>
Change in Net Assets	193
Net Assets at Beginning of Year	<u>20,807</u>
Net Assets at End of Year	<u>\$ 21,000</u>

The accompanying notes are an integral part of these financial statements.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Riverdale Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Riverdale Local School District is a city school district as defined by §3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's instructional/support facilities staffed by 43 non-certified and 81 certified full-time teaching personnel who provide services to 1,005 students and other community members.

The 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 District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. This includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The School District participates in two jointly governed organizations, two group purchasing pools, and has one related organization. These organizations are the Western Ohio Computer Organization; the Millstream Cooperative Vocational Career Center; the Ohio School Boards Association Workers' Compensation Group Rating Plan; Hardin County School Employees' Health and Welfare Benefit Plan and Trust; and the Forest-Jackson Public Library. These organizations are presented in Notes 15, 16 and 17 to the financial statements

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements of the District are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Following are the more significant of the District's accounting policies

Basis of Accounting

Although required by Ohio Administrative Code Sections 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. The school district recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year end. The statement of activities presents a comparison between direct cash disbursements and program cash receipts for each program or function of the School District's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts, which are not classified as program cash receipts, are presented as general cash receipts of the School District, with certain limited exceptions. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental function is self-financing or draws from the general cash receipts of the School District.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

Major Funds

A fund is considered major if it is the primary operating fund of the School District or meets the following criteria:

a – Total assets, receipts, or disbursements of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

b – Total assets, receipts, or disbursements of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

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

Bond Retirement Fund - The Bond Retirement Fund is used to account for property tax receipts to pay the principal and related interest on the school improvement bonds.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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

The funds of the financial reporting entity are described below – (continued):

Permanent Improvement Fund - The Permanent Improvement Fund is used to account for receipts and disbursements related to capital improvements.

Classroom Facilities & Maintenance Fund – The Classroom Facilities & Maintenance Fund is used to account for receipts and disbursements related to facility improvements and maintenance.

The other governmental funds of the District account for grants and other resources, and capital projects of the District whose uses are restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust funds are two private purpose trusts, which account for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Monies are due to students for activities they have participated in.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The primary level of budgetary control is at the object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. During fiscal year 2010, interest receipts credited to the General Fund was \$6,175, and \$7,359 to various other funds.

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments. During fiscal year 2010, the School District had no investments.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation.

Property, Plant and Equipment

Acquisition of property, plant and equipment are recorded as disbursements when paid. These financial statements do not report these acquisitions as assets.

Compensated-Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the modified cash basis of accounting used by the School District.

Long-Term Obligations

These modified cash basis financial statements do not report liabilities for bonds and other long term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal and interest payments.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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

Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

Exchange transactions between funds are reported as receipts in the seller funds and as expenditures/disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/disbursements to the funds that initially paid for them are not presented on the financial statements.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include activities for food service operations, music and athletic programs, and federal and state grants restricted to expenditure for specified purposes.

The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves

The School District reserves those portions of fund balance 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 which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 3 – CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

For 2010, the District ceased to report using generally accepted accounting principles and reported on the cash basis as described in Note 2.

Restatement of Fund Equity

The implementation of this change had the following effects on fund equity of the major and nonmajor funds of the District as they were previously reported. The effects on net assets of governmental activities are also presented.

	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Classroom Facilities & Maintenance Fund	Other Governmental Funds
Fund Balance, June 30, 2009	(\$131,826)	\$562,299	\$704,788	\$60,110	\$120,035
Eliminate Asset Accruals	(2,794,314)	(469,154)	-	(40,116)	(13,102)
Eliminate Liability Accruals	3,405,912	440,478	84,210	40,116	62,116
Restated Fund Balance, June 30, 2009	<u>\$479,772</u>	<u>\$533,623</u>	<u>\$788,998</u>	<u>\$60,110</u>	<u>\$169,049</u>

Governmental Activities Net Assets June 30, 2009	\$16,015,067
Eliminate Government-Wide Financial Statement Adjustments:	
Material and Supplies Inventory	(4,663)
Accrued Interest Receivable	(1,381)
Accounts Receivable	(221)
Prepaid Items	(135,164)
Taxes Receivable	(2,769,568)
Income Taxes Receivable	(405,689)
Capital Assets	(19,463,720)
Accounts Payable	41,963
Accrued Wages and Benefits	795,612
Contracts Payable	84,210
Intergovernmental Payable	300,230
Accrued Interest Payable	16,427
Matured Compensated Absences Payable	125,349
Deferred Revenue	2,363,514
Long Term Liabilities	5,069,586
Adjusted Governmental Activities Net Assets June 30, 2009	<u>\$2,031,552</u>

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 4 - COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

Ohio Revised Code Section 5705.36(A)(4) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. It was found that appropriations exceeded actual available resources in the general fund by \$62,169 and in the special revenue fund, specifically in the IDEA-Part B Fund by \$39,875, the Title II Technology Grants Fund by \$93, the School Improvement Fund by \$47,925, the Title I – FY 2010 fund by \$5,619, the ARRA Title I – FY 2010 fund by \$11,421 and the Title IV-A Drug Free – FY 2010 fund by \$148.

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

The encumbrances outstanding at year-end (budgetary basis) amount to \$25,192 in the General Fund.

NOTE 6 - DEPOSITS AND INVESTMENTS

Monies held by the District are classified by State statute into three categories.

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

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 6 - DEPOSITS AND INVESTMENTS – (continued)

Inactive deposits are public deposits that the Board has identified as not required for use within the current five 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 that 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 the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), 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 held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and 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 only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under certain circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 6 - DEPOSITS AND INVESTMENTS – (continued)

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

Deposits - Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of District cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At fiscal year end, the carrying amount of the School District's deposits was \$1,078,821 and the bank balance was \$1,098,694. Of the bank balance, \$250,000 was covered by federal depository insurance and \$848,694 was uninsured. Although the securities serving as collateral were held by the pledging financial institution's trust department in the District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal District Insurance Corporation.

Investments – During the fiscal year, the District had no investments.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 7 - PROPERTY TAXES

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone, and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar year 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

The District receives property taxes from Hardin, Wyandot & Hancock County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 7 - PROPERTY TAXES – (continued)

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$89,301,110	97%	\$89,609,060	96%
Public Utility	3,283,800	3%	3,370,930	4%
Tangible Personal	21,850	0%	82,760	0%
Total Assessed Value	\$92,606,760	100%	\$93,062,750	100%
Tax rate per \$1,000 of assessed valuation	\$37.70		\$37.70	

NOTE 8 - INCOME TAX

The 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, 2005, and will continue for three years. This tax was subsequently renewed by voters in November 2007 for an additional 3 years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 9 - RISK MANAGEMENT

School Employees' Health and Welfare Benefit Plan and Trust

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

Government Underwriters of America

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the District contracted for the following insurance coverages:

Coverage's provided by Government Underwriters of America are as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Building and Contents-replacement cost	\$1,000	\$37,566,867
Inland Marine:		
Computer Equipment	500	1,071,882
Crime:		
Public Employee Dishonesty	500	50,000
Theft, Disappearance and Destruction	500	10,000
Automobile:		
Liability	500	1,000,000
Uninsured Motorists	500	1,000,000
General Liability		
Per occurrence		1,000,000
Aggregate		2,000,000
Excess Liability:		
Per occurrence		5,000,000
Aggregate		5,000,000
Educators Legal Liability		
Each Wrongful Act		1,000,000
Aggregate		2,000,000

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

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 9 - RISK MANAGEMENT – (continued)

Ohio School Boards Association Workers' Compensation Group Rating Program

For fiscal year 2010, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 10 - DEFINED PENSION BENEFIT PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer 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 Chapter 3309 of the Ohio Revised Code. SERS 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 School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853, or by visiting the SERS website at www.ohsers.org, under Forms and Publications.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$183,780, \$187,102, and \$172,860, respectively; 47 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 10 - DEFINED PENSION BENEFIT PLANS

B. State Teachers Retirement System

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009, the portion used to fund pension obligations was also 13 percent. 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. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 10 - DEFINED PENSION BENEFIT PLANS –(continued)

B. State Teachers Retirement System – (continued)

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$646,247, \$656,545, and \$602,413, respectively; 86 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$54,609, \$55,862, and \$51,611, respectively; 47 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 11 - POSTEMPLOYMENT BENEFITS – (continued)

B. State Teachers Retirement System

The District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$44,732, \$46,896, and \$43,030, respectively; 86 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008

NOTE 12 - 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 215 days for all personnel. Upon retirement, payment is made for 30 percent of accrued, but unused sick leave credit to a maximum of 65 days for classified employees and 65 days for certified employees. If an employee retires at their earliest legal opportunity, an additional 10 days will be added to their maximum days of severance pay.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 13 - LONG-TERM OBLIGATIONS

During the year ended June 30, 2010, the following changes occurred in long-term obligations:

	Balance at 6/30/09	Additions	Deductions	Balance at 6/30/10
Series 2003 Building Bonds	\$4,392,998	\$0	\$250,000	\$4,142,998

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 Bond Retirement Debt Service Fund.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2010, are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$250,000	\$191,651	\$441,651
2011	265,000	180,286	445,286
2012	98,230	351,160	449,390
2013	89,768	359,622	449,390
2014	275,000	167,515	442,515
2015-2019	1,600,000	610,700	2,210,700
2020-2024	1,565,000	165,640	1,730,640
Total	\$4,142,998	\$2,026,574	\$6,169,572

NOTE 14 - SET-ASIDE CALCULATIONS AND FUND RESERVES

The 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.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 14 - SET-ASIDE CALCULATIONS AND FUND RESERVES – (continued)

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

	Textbooks	Capital Acquisition
Set-aside Cash Balance as of June 30,2009	\$(20,775)	\$0
Current Year Set-aside Requirement	169,152	169,152
Qualifying Disbursements	(150,816)	(675,418)
Total	\$(2,439)	(\$506,266)
Cash Balance Carried Forward to FY 2011	\$(2,439)	\$0

The District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero. The negative amounts may be used to offset future textbook set-aside requirements.

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

- A. Western Ohio Computer Organization** - The 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.
- B. Millstream Cooperative Vocational Career Center** - The Millstream Cooperative Vocational Career Center (the 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 Hancock and Putnam County Educational Service Centers serve as an ex-officio capacity for all meetings. Financial information can be obtained from Findlay City School District, Pam Barber, who serves as Treasurer, at 227 South West Street, Findlay, Ohio 45840-3377.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 16 - GROUP PURCHASING POOLS

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

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

- B. 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.

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.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 17 - RELATED ORGANIZATIONS

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

NOTE 18 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2010.

B. Litigation

There are currently no matters in litigation with the District as defendant.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 19 - LEASES

On February 18, 2008, the School District entered into a lease-purchase agreement for a period of 36 months in the amount of \$80,994 for a Blue Bird School Bus with Cardinal Bus Sales. As of June 30, 2010, \$13,499 was remaining to be paid in equal quarterly installments of \$6,749.50.

The future annual requirements on the lease as of June 30, 2010 is scheduled as follows:

<u>Year Ending June 30</u>		<u>TOTAL</u>
2011	\$	<u>13,499</u>
	\$	<u><u>13,499</u></u>

NOTE 20 - COMMITMENTS

On January 27, 2009, Riverdale LSD submitted a proposal for approval under HB 264 to the Ohio School Facility Commission. On April 27, 2009, the District was notified of approval to participate in the HB 264 School Energy Conservation Financing Program. The District contracted with HEAT Total Facility Solutions, Inc. for a total project cost of \$873,923. Through January 11, 2011, \$826,325 has been paid on this project.

NOTE 21 – SUBSEQUENT DISCOVERY OF FACT

Riverdale Local School District's audited financial statements for the year ending June 30, 2010 were issued with an opinion date of January 11, 2011. Subsequent to this date, it was discovered that the Harding County Educational Service Center received and spent the following on behalf of Riverdale Local School District:

Special Education Grants to States (Idea Part B)	\$184,012
Special Education Preschool (Idea Preschool)	2,355
ARRA Special Education (Idea Preschool) – Recovery Act	<u>2,291</u>
TOTAL	<u><u>\$188,658</u></u>

The financial statements have been changed to properly reflect these additional receipts and disbursements.

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RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES - CASH BASIS
For the Year Ended June 30, 2010

Federal Grantor/ Pass-Through Grantor/ <u>Program Titles</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u> (Passed-Through Ohio Department of Education)			
Title I, Grants to Local Educational Agencies	84.010	\$ 203,983	\$ 199,983
Safe and Drug-Free Schools State Grants	84.186	2,535	2,423
Javitis Gifted Grant	84.206	1,000	96
Education Technology State Grants	84.318	1,022	1,017
Improving Teacher Quality State Grants	84.367	23,790	23,790
Title IA - Federal Stimulus	84.389	60,717	60,181
IDEA Part B - Federal Stimulus	84.391	168,130	168,130
SFSF - Federal Stimulus	84.394	352,565	350,305
Total U.S. Department of Education		813,742	805,925
<u>U.S. Department of Agriculture</u> (Passed-Through Ohio Department of Education)			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	18,642	16,325
Non-Cash Assistance Subtotal			
Cash Assistance:			
National School Breakfast Program	10.553	30,031	30,031
National School Lunch Program	10.555	161,800	161,800
Cash Assistance Subtotal			
Total U. S. Department of Agriculture		210,473	208,156
Total Federal Financial Assistance		\$1,024,215	\$ 1,014,081

See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
June 30, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures summarizes activity of the School District's federal awards programs. This schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C - FOOD DONATION PROGRAM

The District reports commodities consumed on this Schedule at fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require that the School District contribute non-Federal funds (matching funds) to support the federally-funded programs. The School District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on this schedule.

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Steven D. Hooker, CPA • John E. Klay, CPA

January 11, 2011

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Board of Education
Riverdale Local School District
Hardin County, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Riverdale Local School District, Hardin County, Ohio, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 11, 2011, wherein we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. 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 the Comptroller General of the United States' Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of Riverdale Local School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

However, we noted certain internal control matters that we reported to the District's management in separate letter dated January 11, 2011.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance that we must report under Government Auditing Standards which are described in the accompanying schedule of findings as item 2010-8677-001 and 2010-8677-002.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in separate letter dated January 11, 2011.

The School District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the School District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the Board of Education, the Auditor of State of Ohio, federal awarding agencies, pass-through agencies, and other within the District. We intend it for no one other than these specified parties.

A handwritten signature in red ink, appearing to read "E. L. Green and Company", is located in the lower right quadrant of the page.



E.S. Evans and Company

Certified Public Accountants

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January 11, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Riverdale Local School District
Hardin County, Ohio

Compliance

We have audited the compliance of Riverdale Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could directly and materially affect the District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on Riverdale Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' Government Auditing Standards; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about Riverdale Local School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Riverdale Local School District's compliance with those requirements.

In our opinion, Riverdale Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Riverdale Local School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted two matters involving federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated January 11, 2011.

We intend this report solely for the information and use of management, the Board of Education, the Auditor of State of Ohio, federal awarding agencies, pass-through agencies, and other within the District. We intend it for no one other than these specified parties.

A handwritten signature in red ink, appearing to read "E. J. Green and Company".

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505

June 30, 2010

A. Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant internal control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA #84.391 ARRA - IDEA Part B CFDA #84.394 ARRA - SFSF - Fed Stimulus
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505

June 30, 2010

B. Findings Related To The Financial Statements Required
To Be Reported In Accordance With GAGAS

Finding Number 2010-8677-001

Noncompliance Citation –

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Admin Code Section 117-2-03 (B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepares its financial statements in accordance with cash-basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements omit assets, liabilities, fund equities, and disclosure that, while presumably material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The School District should prepare their financial statements in accordance with generally accepted accounting principles.

SCHOOL DISTRICT RESPONSE – The School District acknowledges this requirement but will continue to report on the modified cash basis in order to save financial resources for the District.

Finding Number 2010-8677-002

Noncompliance Citation –

Ohio Revised Code Section 5705.36(A)(4) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation. The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources of the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505

June 30, 2010

B. Findings Related To The Financial Statements Required
To Be Reported In Accordance With GAGAS – (continued)

Finding Number 2010-8677-002 – (continued)

During fiscal year ending June 30, 2010, appropriations were in excess of actual available resources in the general fund by \$62,169 and in the special revenue fund, specifically in the IDEA-Part B Fund by \$39,875, the Title II Technology Grants Fund by \$93, the School Improvement Fund by \$47,925, the Title I – FY 2010 fund by \$5,619, the ARRA Title I – FY 2010 fund by \$11,421 and the Title IV-A Drug Free – FY 2010 fund by \$148.

Actual receipts should be compared to budgeted receipts on a periodic basis to monitor for significant variances. Amended certificates should be requested from the County Budget Commission when it becomes apparent that actual receipts are going to be significantly less than estimated receipts, and the deficiency in receipts will fall below the appropriation level for the fund. This analysis should also encompass a comparison of appropriations versus available resources after amendment.

SCHOOL DISTRICT RESPONSE – The Treasurer understands this requirement and will better monitor this in the future.

C. Findings and Questioned Costs for Federal Awards

None

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315(b)

June 30, 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
NONE			



Dave Yost • Auditor of State

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
APRIL 10, 2012