

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
JUNE 30, 2007





Mary Taylor, CPA  
Auditor of State

Board of Education  
Riverdale Local School District  
20613 St. Rt. 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, 2006 through June 30, 2007. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

March 24, 2008

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RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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# **E.S. Evans and Company**

**Certified Public Accountants**

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E.S. Evans, CPA, PFS (1930-1999) • Robert E. Wendel, CPA • Dan F. Clifford, CPA, CVA  
Steven D. Hooker, CPA • John E. Klay, CPA

February 6, 2008

## 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 as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. The basic financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2007, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Riverdale Local School District  
Auditor of State of Ohio  
February 6, 2008  
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In accordance with Government Auditing Standards, we have also issued a report dated February 6, 2008 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 considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

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



RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2007

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, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2007 are as follows:

In total, net assets decreased \$735,632.

General revenues accounted for \$9,193,747, or 84 percent of all revenues. Program specific revenues in the form of grants and contributions accounted for \$1,812,598, or 16 percent of total revenues of \$11,006,345.

The District's major funds included the General Fund and the District Share of Building Project Fund. The General Fund had \$9,275,765 in revenues and other financing sources and \$9,713,637 in expenditures and other financing uses. The General Fund's balance decreased \$437,872 from the prior fiscal year. The District Share of Building Project Fund had \$96,976 in revenues and \$43,160 in expenditures. The District Share of Building Project Fund's balance increased \$53,816 from the prior fiscal year.

The revenue generated from the Bond Retirement Debt Service Fund is 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 and the District Share of Building Project Fund are the only two major funds.

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2007

**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 2007. These statements include all assets and liabilities using the accrual basis of accounting similar to which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid. These statements report the District's net assets and changes in those 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 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 revenues and from intergovernmental revenues, 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 and the District Share of Building Project 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 modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. 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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2007

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

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 accrual basis of accounting.

**The District as a Whole**

Table 1 provides a summary of the District's net assets for fiscal year 2007 compared to fiscal year 2006.

**Table 1**  
**Net Assets**  
**Governmental Activities**

	2007	2006
<b><u>Assets:</u></b>		
Current and Other Assets	\$7,237,174	\$7,643,487
Capital Assets, Net	20,762,270	21,513,363
Total Assets	27,999,444	29,156,850
 <b><u>Liabilities:</u></b>		
Current and Other Liabilities	3,418,819	3,611,497
Long-Term Liabilities	5,281,609	5,510,705
Total Liabilities	8,700,428	9,122,202
 <b><u>Net Assets:</u></b>		
Invested in Capital Assets, Net Related Debt	15,909,272	16,435,365
Restricted	2,445,213	2,335,959
Unrestricted	944,531	1,263,324
Total	\$19,299,016	\$20,034,648

The decrease in current assets was due to the increases in expenses during fiscal year 2007.

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2007

Table 2 reflects the changes in net assets for fiscal year 2007 compared to fiscal year 2006.

**Table 2**  
**Change in Net Assets**  
**Governmental Activities**

	2007	2006
<b><u>Revenues:</u></b>		
Program Revenues:		
Charges for Services and Sales	\$721,553	\$766,439
Operating Grants, Contrib & Interest	1,091,045	377,763
Capital Grants and Contributions	-	61,204
Total Program Revenues	1,812,598	1,205,406
General Revenues:		
Property Taxes	2,395,138	2,300,774
Income Taxes	1,128,866	971,094
Grants and Entitlements	5,315,669	5,423,067
Interest	234,691	187,160
Miscellaneous	119,383	234,444
Total General Revenues	9,193,747	9,116,539
Total Revenues	11,006,345	10,321,945
<b><u>Expenses:</u></b>		
Instruction	6,994,543	6,448,175
Support Services:		
Pupils	288,306	227,063
Instructional Staff	430,784	428,129
Board of Education	89,887	85,794
Administration	763,494	878,374
Fiscal	227,398	207,982
Business	31,641	33,778
Operation and Maintenance of Plant	1,093,006	1,107,703
Pupil Transportation	724,781	631,431
Central	41,257	28,674
Non-Instructional	394,273	413,882
Extracurricular Activities	356,842	343,674
Capital Outlay	64,863	-
Interest and Fiscal Charges	240,902	269,332
Total Expenses	11,741,977	11,103,991
Increase/(Decrease) in Net Assets	(\$735,632)	(\$782,046)

The District had increases in property tax, income tax, and interest revenues during fiscal year 2007. Increases in wages and benefits attributed to the increase in expenses for fiscal year 2007.

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2007

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 revenues and unrestricted state entitlements.

**Table 3**  
**Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
Instruction	\$6,994,543	\$5,816,536	\$6,448,175	\$5,868,235
Support Services:				
Pupils	288,306	233,156	227,063	203,275
Instructional Staff	430,784	429,434	428,129	428,470
Board of Education	89,887	89,887	85,794	85,794
Administration	763,494	737,851	878,374	873,374
Fiscal	227,398	227,398	207,982	207,982
Business	31,641	31,641	33,778	33,778
Operation and Maintenance of Plant	1,093,006	1,093,006	1,107,703	1,055,203
Pupil Transportation	724,781	693,927	631,431	631,431
Central	41,257	41,257	28,674	28,674
Non-Instructional	394,273	875	413,882	35,186
Extracurricular Activities	356,842	228,646	343,674	177,851
Capital Outlay	64,863	64,863	0	0
Interest and Fiscal Charges	240,902	240,902	269,332	269,332
Total Expenses	<u>\$11,741,977</u>	<u>\$9,929,379</u>	<u>\$11,103,991</u>	<u>\$9,898,585</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 83 percent of instruction activities is supported through taxes and other general revenues. For all governmental activities, support from general revenues is 84 percent. The remaining 16 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 modified accrual basis of accounting. The District's major governmental funds are the General Fund and the District Share of Building Project Fund. Total governmental funds had revenues of \$10,935,689 and expenditures of \$11,280,463. The net negative change of \$344,774 in fund balance for the year indicates that the District had some difficulty in meeting current costs.

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2007

**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 2007, the District amended its General Fund budget as needed.

Final expenditures were budgeted at \$10,333,407, while actual expenditures were \$9,778,890. The \$554,517 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.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2007, the District had \$20,762,270 invested in capital assets (net of accumulated depreciation) for governmental activities.

For further information regarding the District's capital assets, see the notes to the basic financial statements.

**Debt**

At June 30, 2007, the District had \$4,852,998 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 Debt Service Fund.

At June 30, 2007, the District's overall legal debt margin was \$2,882,028, with an un-voted debt margin of \$85,944.

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

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2007

**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.

Over the past several years, the District has remained in a good financial position. In November 2004, the District passed a five-year replacement levy of 6.9 mills and a three-year 1% school district income tax to generate \$1,492,422 annually. The income tax levy was renewed for another 3 years in November 2007. 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

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STATEMENT OF NET ASSETS

June 30, 2007

		Governmental Activities
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$	4,118,916
Restricted Assets:		
Equity in Pooled Cash and Cash Equivalents		60,507
Materials and Supplies Inventory		5,770
Accrued Interest Receivable		2,809
Accounts Receivable		1,094
Intergovernmental Receivable		19,360
Prepaid Items		103,131
Taxes Receivable		2,454,937
Income Taxes Receivable		470,650
Non-Depreciable Capital Assets		7,929
Depreciable Capital Assets, net		20,754,341
Total Assets		27,999,444
<u>Liabilities:</u>		
Accounts Payable		88,788
Accrued Wages and Benefits		731,472
Intergovernmental Payable		244,949
Accrued Interest Payable		18,870
Matured Compensated Absences Payable		29,693
Deferred Revenue		2,305,047
Long-Term Liabilities:		
Due Within One Year		225,000
Due in More Than One Year		5,056,609
Total Liabilities		8,700,428
<u>Net Assets:</u>		
Invested in Capital Assets, Net of Related Debt		15,909,272
Restricted for Debt Service		245,638
Restricted for Capital Outlay		1,949,209
Restricted for Other Purposes		250,366
Unrestricted		944,531
Total Net Assets	\$	19,299,016

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

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2007

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants Contributions and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$ 4,931,153	\$ 342,508	\$ 168,268	\$ -
Special	1,064,171	-	600,508	-
Vocational	257,291	-	66,723	-
Other	741,928	-	-	-
Support Services:				
Pupils	288,306	-	55,150	-
Instructional Staff	430,784	-	1,350	-
Board of Education	89,887	-	-	-
Administration	763,494	-	25,643	-
Fiscal	227,398	-	-	-
Business	31,641	-	-	-
Operation and Maintenance of Plant	1,093,006	-	-	-
Pupil Transportation	724,781	-	30,854	-
Central	41,257	-	-	-
Non-Instructional Services	394,273	250,849	142,549	-
Extracurricular Activities	356,842	128,196	-	-
Capital Outlay	64,863	-	-	-
Debt Service:				
Interest and Fiscal Charges	240,902	-	-	-
Totals	\$ 11,741,977	\$ 721,553	\$ 1,091,045	\$ -

General Revenues:

Taxes:

- Property Taxes, Levied for General Purposes
- Property Taxes, Levied for Debt Service
- Property Taxes, Levied for Classroom Facilities
- Income Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Proceeds from Capital Assets

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

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

and Change in Net Assets

Governmental  
Activities

\$	(4,420,377)
	(463,663)
	(190,568)
	(741,928)
	(233,156)
	(429,434)
	(89,887)
	(737,851)
	(227,398)
	(31,641)
	(1,093,006)
	(693,927)
	(41,257)
	(875)
	(228,646)
	(64,863)
	<u>(240,902)</u>
	<u>(9,929,379)</u>

	1,921,966
	434,456
	38,716
	1,128,866
	5,315,669
	234,691
	1,712
	117,671
	<u>9,193,747</u>
	<u>(735,632)</u>
	20,034,648
\$	<u><u>19,299,016</u></u>

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2007

	General	District Share of Building Project	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 1,650,793	\$ 1,931,562	\$ 536,561	\$ 4,118,916
Materials and Supplies Inventory	-	-	5,770	5,770
Accrued Interest Receivable	2,809	-	-	2,809
Accounts Receivable	1,094	-	-	1,094
Interfund Receivable	7,186	-	-	7,186
Intergovernmental Receivable	2,843	-	16,517	19,360
Prepaid Items	98,027	-	5,104	103,131
Taxes Receivable	2,089,370	-	365,567	2,454,937
Income Taxes Receivable	470,650	-	-	470,650
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	60,507	-	-	60,507
<b>Total Assets</b>	<b>\$ 4,383,279</b>	<b>\$ 1,931,562</b>	<b>\$ 929,519</b>	<b>\$ 7,244,360</b>
<u>Liabilities:</u>				
Current Liabilities:				
Accounts Payable	\$ 79,813	\$ -	\$ 8,975	\$ 88,788
Accrued Wages and Benefits	705,293	-	26,179	731,472
Interfund Payable	-	-	7,186	7,186
Intergovernmental Payable	230,493	-	14,456	244,949
Matured Compensated Absences Payable	25,485	-	4,208	29,693
Deferred Revenue	2,086,379	-	344,978	2,431,357
<b>Total Liabilities</b>	<b>3,127,463</b>	<b>-</b>	<b>405,982</b>	<b>3,533,445</b>
<u>Fund Balances:</u>				
Reserved:				
Reserved for Encumbrances	36,420	3,422	26,063	65,905
Reserved for Inventory	-	-	5,770	5,770
Reserved for Prepaid Items	98,027	-	5,104	103,131
Reserved for Advances	7,186	-	-	7,186
Reserved for Property Taxes	78,954	-	20,589	99,543
Reserved for Textbooks	60,507	-	-	60,507
Unreserved, Undesignated, Reported in:				
General Fund	974,722	-	-	974,722
Special Revenue Funds	-	-	213,679	213,679
Debt Service Funds	-	-	237,610	237,610
Capital Projects Funds	-	1,928,140	14,722	1,942,862
<b>Total Fund Balances</b>	<b>1,255,816</b>	<b>1,931,562</b>	<b>523,537</b>	<b>3,710,915</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,383,279</b>	<b>\$ 1,931,562</b>	<b>\$ 929,519</b>	<b>\$ 7,244,360</b>

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

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

June 30, 2007

Total Governmental Fund Balances		\$	3,710,915
Amounts reported for governmental activities on the statement of net assets are different because of the following:			
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.			20,762,270
Taxes Receivable that do not provide financial resources are not reported as revenues in governmental fund.			126,310
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:			
General Obligation Bonds Payable	\$	(4,852,998)	
Compensated Absences Payable		(428,611)	
Accrued Interest Payable		<u>(18,870)</u>	
			<u>(5,300,479)</u>
Net Assets of Governmental Activities		\$	<u><u>19,299,016</u></u>

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

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2007

	General	District Share of Building Project	All Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 1,922,181	\$ -	\$ 473,749	\$ 2,395,930
Income Tax	1,052,905	-	-	1,052,905
Intergovernmental	5,755,520	-	651,194	6,406,714
Interest	135,864	96,976	1,851	234,691
Tuition and Fees	289,704	-	46,644	336,348
Rent	6,160	-	-	6,160
Extracurricular Activities	-	-	128,196	128,196
Customer Sales and Services	-	-	250,849	250,849
Miscellaneous	111,719	-	5,952	117,671
Total Revenues	9,274,053	96,976	1,558,435	10,929,464
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	3,968,819	-	102,419	4,071,238
Special	790,499	-	272,550	1,063,049
Vocational	257,111	-	-	257,111
Other	741,928	-	-	741,928
Support Services:				
Pupils	229,736	-	57,062	286,798
Instructional Staff	439,351	-	2,001	441,352
Board of Education	89,887	-	-	89,887
Administration	745,853	-	25,524	771,377
Fiscal	230,340	-	960	231,300
Business	31,641	-	-	31,641
Operation and Maintenance of Plant	1,052,343	-	80,057	1,132,400
Pupil Transportation	840,808	-	-	840,808
Central	42,432	-	103	42,535
Operation of Non-Instructional Services	-	-	382,355	382,355
Extracurricular Activities	248,376	-	118,816	367,192
Capital Outlay	-	43,160	15,195	58,355
Debt Service:				
Principal	-	-	235,854	235,854
Interest	-	-	230,770	230,770
Total Expenditures	9,709,124	43,160	1,523,666	11,275,950
Excess of Revenues Over(Under) Expenditures	(435,071)	53,816	34,769	(346,486)
<u>Other Financing Sources and Uses:</u>				
Transfers In	-	-	4,513	4,513
Proceeds from Sale of Capital Assets	1,712	-	-	1,712
Transfers Out	(4,513)	-	-	(4,513)
Total Other Financing Sources and Uses	(2,801)	-	4,513	1,712
Net Change in Fund Balances	(437,872)	53,816	39,282	(344,774)
Fund Balance (Deficit) at Beg of Year	1,693,688	1,877,746	484,255	4,055,689
Fund Balance (Deficit) at End of Year	\$ 1,255,816	\$ 1,931,562	\$ 523,537	\$ 3,710,915

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

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2007

Net Change in Fund Balances - Total Governmental Funds	\$	(344,774)
<p>Amounts reported for governmental activities on the statement of activities are different because of the following:</p> <p>Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current year.</p>		
Capital Outlay - Depreciable Capital Assets	\$ 234,706	
Depreciation	<u>(977,271)</u>	(742,565)
<p>The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a gain (loss) on disposal of capital assets on the statement of activities.</p>		
Gain (Loss) on Disposal of Capital Assets		(8,528)
<p>Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:</p>		
Income Taxes	75,961	
Delinquent Property Taxes	<u>(792)</u>	75,169
<p>Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of activities.</p>		
		225,000
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p>		
		10,854
<p>Some expenses reported on the statement of activities, such as compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:</p>		
Accrued Interest Payable	(10,132)	
Intergovernmental Payable	55,248	
Compensated Absences Payable	<u>4,096</u>	
		<u>49,212</u>
Change in Net Assets of Governmental Activities	\$	<u><u>(735,632)</u></u>

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

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND

For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 1,853,834	\$ 1,906,827	\$ 1,906,827	\$ -
Income Tax	925,848	1,022,691	1,022,691	-
Intergovernmental	5,541,217	5,566,082	5,755,520	189,438
Interest	100,000	122,953	133,055	10,102
Tuition and Fees	298,962	315,105	289,723	(25,382)
Rent	10,920	10,920	6,160	(4,760)
Miscellaneous	39,450	51,822	51,822	-
Total Revenues	<u>8,770,231</u>	<u>8,996,400</u>	<u>9,165,798</u>	<u>169,398</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	4,076,815	4,108,890	4,002,674	106,216
Special	628,509	846,234	793,089	53,145
Vocational	269,260	284,534	279,254	5,280
Other	545,540	749,520	740,960	8,560
Support Services:				
Pupils	190,439	234,836	229,843	4,993
Instructional Staff	418,635	449,972	438,541	11,431
Board of Education	65,773	109,385	87,095	22,290
Administration	884,731	793,031	753,984	39,047
Fiscal	235,582	239,629	222,727	16,902
Business	33,600	36,900	31,641	5,259
Operation and Maintenance of Plant	1,082,237	1,298,782	1,069,843	228,939
Pupil Transportation	646,771	806,272	775,056	31,216
Central	42,385	42,385	40,504	1,881
Operation of Non-Instructional Services	44	44	-	44
Extracurricular Activities	217,012	266,880	247,565	19,315
Total Expenditures	<u>9,337,333</u>	<u>10,267,294</u>	<u>9,712,776</u>	<u>554,518</u>
Excess of Revenues Over (Under) Expenditures	<u>(567,102)</u>	<u>(1,270,894)</u>	<u>(546,978)</u>	<u>723,916</u>
Other Financing Sources and Uses:				
Transfers In	20,000	61,601	61,601	-
Proceeds from Sale of Capital Assets	1,000	1,712	1,712	-
Advances Out	-	(7,186)	(7,186)	-
Transfers Out	(20,000)	(66,113)	(66,114)	(1)
Refund of Prior Year Expenditures	90,150	146,141	146,141	-
Total Other Financing Sources and Uses	<u>91,150</u>	<u>136,155</u>	<u>136,154</u>	<u>(1)</u>
Net Change in Fund Balances	<u>(475,952)</u>	<u>(1,134,739)</u>	<u>(410,824)</u>	<u>723,915</u>
Fund Balance (Deficit) at Beginning of Year	2,048,840	2,048,840	2,048,840	-
Prior Year Encumbrances Appropriated	45,859	45,859	45,859	-
Fund Balance (Deficit) at End of Year	<u>\$ 1,618,747</u>	<u>\$ 959,960</u>	<u>\$ 1,683,875</u>	<u>\$ 723,915</u>

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



RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2007

	Private Purpose Trust	Agency
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 21,260	\$ 35,004
Total Assets	21,260	35,004
Liabilities		
Current Liabilities:		
Due to Students	-	35,004
Total Liabilities	-	35,004
Net Assets		
Held in Trust for Scholarships	21,260	-
Total Net Assets	\$ 21,260	\$ -

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

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	<u>Private Purpose Trust</u>
<u>Additions:</u>	
Interest	\$ 1,290
Total Additions	<u>1,290</u>
<u>Deductions:</u>	
Payments in Accordance with Trust Agreements	<u>1,500</u>
Total Deductions	<u>1,500</u>
Change in Net Assets	(210)
Net Assets Beginning of Year	<u>21,470</u>
Net Assets End of Year	<u>\$ 21,260</u>

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

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

**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 seven instructional/support facilities staffed by 48 non-certified and 88 certified full-time teaching personnel who provide services to 1,030 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

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

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

**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 and enterprise 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.

**B. 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.

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

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

**Governmental Funds**

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The General Fund and the District Share of Building Project Fund are the District's major governmental funds:

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.

District Share of Building Project Fund - The District Share of Building Project Fund is used to account for the District share of the revenues and expenditures related to the construction of the new school building.

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.

**C. Measurement Focus**

**Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) of total net assets.

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

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

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, income taxes, grants, investment earnings, tuition, and student fees.

**Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On the governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

**Expenditures/Expenses**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

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

**E. 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.

**F. Cash and Investments**

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. During fiscal year 2007, the School District had no investments.



RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

**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 2007, interest revenue credited to the General Fund was \$135,864, to the District Share of Building Project Fund was \$96,976, and \$1,851 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.

**G. Inventory**

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased.

**H. 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. Restricted assets include the amount required by State statute to be set aside for the acquisition of textbooks and instructional materials and the acquisition or construction of capital assets.

**I. Capital Assets**

General capital assets are those assets not specifically related to activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District's capitalization threshold is one thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 30 years
Buildings and Building	30 - 50 years
Furniture and Fixtures	5 - 20 years
Vehicles	5 - 15 years
Equipment	10 years

**J. Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net assets, except for any net residual amounts due between governmental activities, which are presented as internal balances.

**K. Compensated Absences**

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

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

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

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

The entire compensated absence liability is reported on the government-wide financial statements.

For the governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported.

**L. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

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

**N. Fund Balance Reserves**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventory, prepaid items, property taxes, advances, and textbooks and instructional materials.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

**O. Interfund Assets/Liabilities**

On the fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables." Interfund balances within governmental activities are eliminated on the government-wide statement of net assets. The only interfund balances which remain on the government-wide statement of net assets are those between governmental activities. These amounts are reflected as "Internal Balances."

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses 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/expenses to the funds that initially paid for them are not presented on the financial statements.

**P. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

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

**Q. Prepayments**

Certain payments to vendors reflect costs or events applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and the expenditure/expense is reported in the year in which services are consumed.

**R. 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 the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2007.

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and fund financial statements are the following:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING – (continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

<b>Net Change in Fund Balance Major Governmental Fund</b>	
GAAP Basis	(\$437,872)
<b><u>Increase (Decrease) Due To:</u></b>	
Revenue Accruals:	
Accrued FY 2006, Received In Cash FY 2007	518,273
Accrued FY 2007, Not Yet Received in Cash	(480,387)
Expenditure Accruals:	
Accrued FY 2006, Paid in Cash FY 2007	(907,795)
Accrued FY 2007, Not Yet Paid in Cash	943,057
Advances Net	(7,186)
Encumbrances Outstanding at Year End (Budget Basis)	(38,914)
Budget Basis	<u>(\$410,824)</u>

**NOTE 4 - 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.

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.

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

**NOTE 4 - DEPOSITS AND INVESTMENTS – (continued)**

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 that the market value of the agreement by at least two percent and to be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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.

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

**NOTE 4 - DEPOSITS AND INVESTMENTS – (continued)**

**A. Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$4,146,217 of the District's bank balance of \$4,252,454 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**B. Investments**

During the fiscal year, the School District had no investments.



RIVERDALE LOCAL SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

**NOTE 5 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis, while the District's fiscal year runs from July through June. First-half tax distributions are received by the District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2007 represent the collection of calendar year 2006 taxes. Real property taxes for 2007 were levied after April 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 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.

Public utility real and tangible personal property taxes for 2007 were levied after April 1, 2006, on the assessed values as of December 31, 2005, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2007 (other than public utility property) represent the collection of calendar year 2007 taxes. Tangible personal property taxes for 2007 were levied after April 1, 2006, on the value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value. 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.

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, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2007 operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance was recognized as revenue.

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

**NOTE 5 - PROPERTY TAXES – (continued)**

The amount available as an advance at June 30, 2007 was \$98,027 in the General Fund, \$1,930 in the Special Revenue Fund and \$18,659 in the Bond Retirement Debt Service Fund. The amount available as an advance at June 30, 2006 was \$63,600 in the General Fund, \$1,316 in the Special Revenue Fund and \$15,084 in the Bond Retirement Debt Service Fund.

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second- Half Collections		2007 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$78,022,860	91%	\$79,492,860	93%
Public Utility	3,911,100	5%	3,738,400	4%
Tangible Personal	3,416,602	4%	2,713,468	3%
Total Assessed Value	\$85,350,562	100%	\$85,944,728	100%
Tax rate per \$1,000 of assessed valuation	\$40.20		\$37.70	

**NOTE 6 - 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.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2007, consisted of property, accounts (rent and student fees), intergovernmental, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	<b>Balance at June 30, 2006</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at June 30, 2007</b>
<b>Governmental Activities</b>				
Nondepreciable Capital Assets				
Land	\$7,929	\$0	\$0	\$7,929
Total Nondepreciable Capital Assets	7,929			7,929
<b>Depreciable Capital Assets</b>				
Land Improvements	1,160,680	15,000	0	1,175,680
Buildings and Building Improvements	20,807,497	0	0	20,807,497
Furniture, Fixtures, and Equipment	3,612,356	75,118	147,979	3,539,495
Vehicles	913,354	138,931	85,275	967,010
Books	654,247	5,657	0	659,904
Total Depreciable Capital Assets	27,148,134	234,706	233,254	27,149,586
Less Accumulated Depreciation				
Land Improvements	396,735	67,832	0	464,567
Buildings and Building Improvements	2,387,792	497,396	0	2,885,188
Furniture, Fixtures, and Equipment	1,750,988	330,862	147,979	1,933,871
Vehicles	544,947	61,449	76,747	529,649
Books	562,238	19,732	0	581,970
Total Accumulated Depreciation	5,642,700	977,271	224,726	6,395,245
Depreciable Capital Assets, Net	21,505,434	(742,565)	8,528	20,754,341
<b>Governmental Activities Capital Assets, Net</b>	<b>\$21,513,363</b>	<b>(\$742,565)</b>	<b>\$8,528</b>	<b>\$20,762,270</b>

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

**NOTE 8 - CAPITAL ASSETS – (continued)**

Depreciation expense was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular	\$883,752
Special	1,132
Vocational	180
Pupil Instruction	1,508
Instructional Staff	641
Support Services:	
Administration	1,577
Fiscal	1,136
Operation and Maintenance of Plant	5,804
Transportation	35,132
Non-Instructional Services	20,405
Capital Outlay	26,004
<b>Total Depreciation Expense</b>	<u>\$977,271</u>

**NOTE 9 - RESTRICTED ASSETS**

The following amounts, which are reflected on the statement of net assets, are restricted for textbook reserves:

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$60,507

**NOTE 10 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007, the District contracted for the following insurance coverage's:

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

**NOTE 10 - RISK MANAGEMENT – (continued)**

Coverage's provided by Northwest Ohio Self Insurance Pool Program are as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Building and Contents-replacement cost	\$2,500	\$50,000,000
Automobile Liability	1,000	1,000,000
Uninsured Motorists	1,000	1,000,000
General Liability		
Per occurrence		1,000,000
Aggregate		3,000,000
Commercial Umbrella Liability		5,000,000

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

Effective July 1, 2007, the School District elected to obtain coverage from the Government Underwriters of America.

For fiscal year 2007, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

The 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.

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

**NOTE 11 - DEFINED PENSION BENEFIT PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215 or by calling (614) 222-5853.

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 rate is 14 percent of the annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$165,852, \$165,192, and \$155,112, respectively; 50 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. The unpaid contributions for fiscal year 2006 are \$82,980.

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

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 member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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.

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

**NOTE 11 - DEFINED PENSION BENEFIT PLANS – (continued)**

**B. State Teachers Retirement System – (continued)**

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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2007, plan members are 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 2006, the portion used to fund pension obligations was 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation 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.

The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$609,731, \$578,327, and \$545,815, respectively; 84 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

State Teachers Retirement System of Ohio (STRS Ohio) provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code, the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care costs in the form of monthly premium.

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

**NOTE 12 - POSTEMPLOYMENT BENEFITS – (continued)**

The Revised Code grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2006, and June 30, 2005, the board allocated employer contributions equal to 1% of covered payroll to Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.5 billion on June 30, 2006.

For the year ended June 30, 2006, net health care costs paid by STRS Ohio were \$282,743,000. There were 119,184 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status.

After the allocation for the basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2006, the allocation rate is 3.42%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2006, the minimum pay has been established as \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. Net health care costs for the year ending June 30, 2006, were \$158,751,207. The target level for the health care reserve is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2006, the value of the health care fund was \$295.6 million, which is about 221% of next year's projected net health care costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs.

The number of participants eligible to receive benefits is 59,492.



RIVERDALE LOCAL SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

**NOTE 13 - 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.

**NOTE 14 - LONG-TERM OBLIGATIONS**

During the year ended June 30, 2007, the following changes occurred in obligations reported in the Government -Wide Financial Statements:

	<b>Balance at 6/30/06</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance at 6/30/07</b>	<b>Due Within One Year</b>
Series 2003 Building Bonds	\$5,077,998	\$0	\$225,000	\$4,852,998	\$225,000
Compensated Absences	432,707	4,691	8,787	428,611	0
Total	<u>\$5,510,705</u>	<u>\$4,691</u>	<u>\$233,787</u>	<u>\$5,281,609</u>	<u>\$225,000</u>

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

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

**NOTE 14 - LONG-TERM OBLIGATIONS – (continued)**

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2007, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$225,000	\$221,939	\$446,939
2009	235,000	212,592	447,592
2010	250,000	202,432	452,432
2011	250,000	191,651	441,651
2012	265,000	180,286	445,286
2013-2017	1,057,998	1,170,202	2,228,200
2018-2022	1,760,000	442,315	2,202,315
2023-2024	810,000	42,120	852,120
Total	<u>\$4,852,998</u>	<u>\$2,663,537</u>	<u>\$7,516,535</u>

**NOTE 15 - 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.

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.

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside Cash Balance as of June 30, 2006	\$51,997	\$0
Current Year Set-aside Requirement	158,815	158,815
Qualifying Disbursements	<u>(150,305)</u>	<u>(232,153)</u>
Total	<u>\$60,507</u>	<u>(\$73,338)</u>
Cash Balance Carried Forward to FY 2008	<u>\$60,507</u>	<u>\$0</u>

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

**NOTE 16 - 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, 4<sup>th</sup> 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.

**NOTE 17 - 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.

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

**NOTE 17 - GROUP PURCHASING POOLS – (continued)**

- A. Ohio School Boards Association Workers' Compensation Group Rating Plan – (continued)** - 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

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

**NOTE 18 - 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 19 - INTERFUND TRANSFERS**

During the year ended June 30, 2007, the District transferred \$4,513 from the General Fund to Non-major Governmental Funds. These transfers were made to pay for operating expenses.

**NOTE 20 - 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, 2007.

RIVERDALE LOCAL SCHOOL DISTRICT  
HARDIN COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

**NOTE 20 – CONTINGENCIES – (continued)**

**B. Litigation**

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



# ***E.S. Evans and Company***

**Certified Public Accountants**

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E.S. Evans, CPA, PFS (1930-1999) • Robert E. Wendel, CPA • Dan F. Clifford, CPA, CVA  
Steven D. Hooker, CPA • John E. Klay, CPA

February 6, 2008

**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, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 6, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Riverdale Local School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Riverdale Local School District's internal control.

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

However, we noted certain internal control matters that we reported to the District's management in separate letter dated February 6, 2008.

#### Compliance and Other Matters

As part of reasonably assuring whether the School 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

In a separate letter to Riverdale Local School District's management dated February 6, 2008, we reported matters related to noncompliance.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, and the Auditor of State of Ohio. It is not intended for anyone other than these specified parties.







**Mary Taylor, CPA**  
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 3, 2008**