



**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCKTON COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2002



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

River View Local School District
Coshocton County
26496 SR 60 North
Warsaw, Ohio

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of River View Local School District, Coshocton County, (the District) as of and for the year ended June 30, 2002, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of River View Local School District, Coshocton County, as of June 30, 2002, and the respective changes in financial position and the cash flows, where applicable, thereof 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.

As described in Note 3, during the year ended June 30, 2002, the River View Local School District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2002 on our consideration of River View Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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.

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, it is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

December 11, 2002

River View Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

The discussion and analysis of River View Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2002. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and the notes to those respective statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2002 are as follows:

- ❑ In total, net assets increased by \$91,091. The increase in net assets of governmental activities was \$167,755. Net assets of business-type activities decreased by \$76,664 from 2001.
- ❑ General revenues accounted for \$16,016,956 of all revenues. Specific program revenues in the form of charges for services, sales, grants and contributions accounted for \$2,849,216 of total revenues.
- ❑ The School District had \$17,969,762 in expenses related to governmental activities; only \$1,490,748 of these expenses were offset by program specific charges for services, grants, or contributions. General revenue (primarily taxes) of \$16,016,956 was adequate to provide for these programs.
- ❑ The general fund had \$15,580,713 in revenues and \$15,291,003 in expenditures. The general fund's balance increased by \$280,793.
- ❑ Net assets for the enterprise funds remained constant. Operating expenses of \$1,447,665 exceeded operating revenues of \$843,011. Grants of \$442,960 in the Food Service and Rainbow Child Care Funds offset most of the operating loss.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the River View Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next 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 School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of River View Local School District, the general fund is by far the most significant fund.

River View Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
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Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities answer the question “How did we do financially during fiscal year 2002?” These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School 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 School District is divided into two distinct types of activities:

- Governmental Activities – Most of the School District’s programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District food service and child care programs are reported as business activities.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major funds begins on page 7. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental fund are the general fund and permanent improvement fund.

Governmental Funds Most of the School District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *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 School District’s general government operations and the principal services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

River View Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2002 compared to 2001:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2002	2001	2002	2001	2002	2001
Assets						
Current and Other Assets	\$12,899,801	\$14,694,614	\$51,389	\$152,635	\$12,951,190	\$14,847,249
Capital Assets	4,417,028	4,450,127	70,346	68,349	4,487,374	4,518,476
Total Assets	17,316,829	19,144,741	121,735	220,984	17,438,564	19,365,725
Liabilities						
Other Liabilities	9,711,173	11,676,439	116,380	145,544	9,827,553	11,821,983
Long-Term Liabilities						
Due in One Year	2,261	0	70	56	2,331	56
Due in More Than One Year	1,220,148	1,252,810	33,452	26,887	1,253,600	1,279,697
Total Liabilities	10,933,582	12,929,249	149,902	172,487	11,083,484	13,101,736
Net Assets						
Invested in Capital Assets	4,895,687	4,450,127	70,346	68,349	4,966,033	4,518,476
Restricted	1,288,456	1,331,263	0	0	1,288,456	1,331,263
Unrestricted (Deficit)	199,104	434,102	(98,513)	(19,852)	100,591	414,250
Total Net Assets	\$6,383,247	\$6,215,492	(\$28,167)	\$48,497	\$6,355,080	\$6,263,989

Total assets increased by \$1,927,161. Cash and cash equivalents remained fairly constant while taxes receivables decreased by \$2,648,676 and restricted assets decreased by \$233,602. Taxes receivable decreased due to HB5/SB3 which took effect in January 2001, which required non-municipal owned electric utilities and rural co-ops to be deregulated in the State of Ohio. The Ohio Department of Taxation has certified the tax valuation loss for River View Local School District to be \$93.2 million. Therefore, the decrease in taxes receivable is expected in 2002.

The net assets of the School District increased by \$91,091. This was primarily due again to the deregulation of the real public utilities tax.

River View Local School District
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The net assets of the School District's business-type activities decreased by \$76,664. Operating revenues and grants are currently matching expenses. Costs have been monitored to ensure there is not a need for additional funds necessitating an increase in food service and child care fees.

Table 2 reflects the changes in net assets for fiscal year 2002. Since this is the first year the School District has prepared financial statements following GASB 34, revenue and expense comparisons to the fiscal year 2001 are not available. In future years, when the prior year's information is available, a comparative analysis of government-wide data will be presented.

Table 2
Change in Net Assets

	Governmental Activities 2002	Business-Type Activities 2002	Total 2002
Revenues			
Program Revenues:			
Charges for Services	\$231,228	\$843,011	\$1,074,239
Operating Grants	1,155,960	526,402	1,682,362
Capital Grants	103,560	0	103,560
<i>Total Program Revenues</i>	<u>1,490,748</u>	<u>1,369,413</u>	<u>2,860,161</u>
General Revenues:			
Property Taxes	8,064,608	0	8,064,608
Grants and Entitlements	7,754,613	0	7,754,613
Other	197,735	0	197,735
<i>Total General Revenues</i>	<u>16,016,956</u>	<u>0</u>	<u>16,016,956</u>
<i>Total Revenues</i>	<u>17,507,704</u>	<u>1,369,413</u>	<u>18,877,117</u>
Expenses			
Instruction	10,493,543	0	10,493,543
Support Services:			
Pupils and Instructional Staff	2,024,619	0	2,024,619
Board of Education, Administration, Fiscal and Buisness	1,964,968	0	1,964,968
Operation and Maintenance of Plant	1,520,290	0	1,520,290
Pupil Transportation	1,102,271	0	1,102,271
Central	316,653	0	316,653
Operation of Non-Instructional Services	9,168	0	9,168
Extracurricular Activities	538,250	0	538,250
Food Service	0	871,768	871,768
Rainbow Child Care	0	575,897	575,897
<i>Total Expenses</i>	<u>17,969,762</u>	<u>1,447,665</u>	<u>19,417,427</u>
Transfers	<u>(5,000)</u>	<u>5,000</u>	<u>0</u>
Decrease in Net Assets	<u><u>(\$467,058)</u></u>	<u><u>(\$73,252)</u></u>	<u><u>(\$540,310)</u></u>

River View Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

Governmental Activities

Several revenue sources fund our governmental activities with property taxes being the largest contributor. The last increase in property tax levies by the citizens of the School District was in 1995. Property tax levies generated \$8,064,608 in 2002. General revenues from grants and entitlements, such as the school foundation program, are also a large revenue generator. With the combination of taxes and intergovernmental funding over 90 percent of all expenses in governmental activities, the School District monitors both of these revenue sources very closely for fluctuations.

Instruction comprises 58 percent of governmental program expenses. The School District increased salaries and benefits during fiscal year 2002.

Table 3
Governmental Activities

	Total Cost of Services 2002	Net Cost of Services 2002
Instruction	\$10,493,543	\$9,894,886
Support Services:		
Pupils and Instructional Staff	2,024,619	1,514,622
Board of Education, Administration, Fiscal and Business	1,964,968	1,846,157
Operation and Maintenance of Plant	1,520,290	1,514,229
Pupil Transportation	1,102,271	999,628
Central	316,653	286,283
Operation of Non-Instructional Services	9,168	7,071
Extracurricular Activities	538,250	416,138
Total Expenses	\$17,969,762	\$16,479,014

Business-Type Activities

Business-type activities include the food service and Rainbow Child Care operations. These programs had revenues of \$1,369,413 and expenses of \$1,447,665 for fiscal year 2002. Management regularly reviews these programs. The Rainbow Child Care fees were changed in April 2002, while food service fees have remained unchanged since July, 2000. To ensure that net assets were not reduced in fiscal year 2002, the School District has made menu changes that will decrease expenses in the food service fund and the rainbow child care fund has made changes to their tuition refund plan that will add revenue as well as decrease expenses.

The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$17,400,752 and expenditures of \$17,369,756. The net change in fund balance for the year was an increase of \$25,996. This minor increase indicated the School District's current revenue base continues to meet School District current

River View Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

obligations. The School District understands that it needs to continue to monitor expenditures to ensure that the School District's current obligations will continue to be met without the requirement of additional tax levies.

General Fund Budgeting Highlights

The School 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 2002, the Treasurer amended its general fund budget monthly. Final approval is obtained from the Board of Education for their adoption.

For the general fund, final budget basis estimated revenue was \$16,583,982 compared to original budget estimates of \$14,896,491. Of this \$1,687,491 difference, most was due to a change in intergovernmental revenue.

The original appropriations of \$15,382,539 were increased to \$17,937,305. Actual expenditures, however, were only \$15,978,041 or \$1,959,264 less than anticipated due to conservative spending near year end.

The School District's ending unobligated budgetary fund balance was \$1,936,504 above the final budgeted amount.

Capital Assets

At the end of fiscal 2002, the School District had \$4,966,073 invested in land, buildings and improvements, furniture and equipment and vehicles, \$4,895,687 in governmental activities. Table 4 reflects fiscal 2002 balances compared to 2001:

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2002	2001	2002	2001	2002	2001
Land	\$478,659	\$478,659	\$0	\$0	\$478,659	\$478,659
Buildings and Improvements	2,824,655	2,993,632	0	0	2,824,655	2,993,632
Furniture and Equipment	876,429	909,940	70,346	75,882	946,775	985,822
Vehicles	715,944	702,709	0	0	715,944	702,709
Totals	\$4,895,687	\$5,084,940	\$70,346	\$75,882	\$4,966,033	\$5,160,822

For fiscal year 2002, Ohio law required school districts to set aside three percent of certain revenues for capital improvements and an additional three percent for textbooks. For fiscal year 2002, this amounted to \$302,693 for each set aside. For fiscal year 2002, the School District had qualifying disbursements or offsets exceeding these requirements. The School District has budgeted to meet these requirements.

River View Local School District
Management's Discussion and Analysis
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Current Financial Related Activities

River View Local School District is strong financially. As the preceding information shows, the School District heavily depends on its property taxpayers. Although the School District has not had to request an increase in voter-approved taxes since 1995, financially the future is not without challenges.

State law affixes the amount of tax revenue, forcing it to remain constant except for new valuations in the District. Management must plan expenses accordingly, staying within the School District's five-year plan.

Externally, the State of Ohio was found by the Ohio Supreme Court in March, 1997, to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional.

River View Local School District has not anticipated any meaningful growth in State revenue. The concern is that, to meet the requirements of the court, the State may require redistribution of commercial and industrial property tax. This could have a significant impact on the School District's residential taxpayers.

This scenario will require that management plan carefully and prudently to continue to provide the resources to meet student needs over the next several years, and to grow even more dependent on local tax revenue.

In conclusion, River View Local School District has committed itself to financial excellence for many years.

In addition, the School District's system of budgeting and internal controls are well regarded and it will take all of the District's financial abilities to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lee Jane Williamson, Treasurer, at River View Local School District, 26496 SR 60 North, Warsaw, Ohio 43844 or lee@omeresanet.net.

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River View Local School District

Statement of Net Assets

June 30, 2002

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$4,094,739	\$99,537	\$4,194,276
Cash and Cash Equivalents			
With Fiscal Agent	71,649	0	71,649
Accounts Receivable	2,471	3,135	5,606
Intergovernmental Receivable	232,254	4,699	236,953
Internal Balances	74,952	(74,952)	0
Inventory Held for Resale	0	15,229	15,229
Materials and Supplies Inventory	158,334	3,741	162,075
Prepaid Items	12,204	0	12,204
Taxes Receivable	7,774,539	0	7,774,539
Nondepreciable Capital Assets	478,659	0	478,659
Depreciable Capital Assets, Net	4,417,028	70,346	4,487,374
<i>Total Assets</i>	<u>17,316,829</u>	<u>121,735</u>	<u>17,438,564</u>
Liabilities			
Accounts Payable	84,211	9,692	93,903
Contracts Payable	26,128	0	26,128
Accrued Wages	1,240,076	49,351	1,289,427
Matured Compensated Absences Payable	12,593	0	12,593
Intergovernmental Payable	419,589	57,337	476,926
Deferred Revenue	7,433,576	0	7,433,576
Claims Payable	495,000	0	495,000
Long-Term Liabilities:			
Due Within One Year	2,261	70	2,331
Due In More Than One Year	1,220,148	33,452	1,253,600
<i>Total Liabilities</i>	<u>10,933,582</u>	<u>149,902</u>	<u>11,083,484</u>
Net Assets			
Invested in Capital Assets	4,895,687	70,346	4,966,033
Restricted for:			
Set Asides	80,351	0	80,351
Capital Projects	856,956	0	856,956
Other Purposes	351,149	0	351,149
Unrestricted	199,104	(98,513)	100,591
<i>Total Net Assets (Deficit)</i>	<u>\$6,383,247</u>	<u>(\$28,167)</u>	<u>\$6,355,080</u>

See accompanying notes to the basic financial statements

River View Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2002

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Interest and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$8,453,757	\$29,698	\$204,792	\$0
Special	1,627,549	0	362,777	0
Vocational	412,237	0	1,390	0
Support Services:				
Pupils	872,071	92,981	116,478	0
Instructional Staff	1,152,548	0	299,338	1,200
Board of Education	38,703	0	1,235	0
Administration	1,325,901	0	113,838	0
Fiscal	560,191	0	3,738	0
Business	40,173	0	0	0
Operation and Maintenance of Plant	1,520,290	0	6,061	0
Pupil Transportation	1,102,271	0	283	102,360
Central	316,653	0	30,370	0
Operation of Non-Instructional Services	9,168	0	2,097	0
Extracurricular Activities	538,250	108,549	13,563	0
<i>Total Governmental Activities</i>	<u>17,969,762</u>	<u>231,228</u>	<u>1,155,960</u>	<u>103,560</u>
Business-Type Activities				
Food Service	871,768	553,180	296,997	0
Rainbow Child Care	575,897	289,831	229,405	0
<i>Total Business-Type Activities</i>	<u>1,447,665</u>	<u>843,011</u>	<u>526,402</u>	<u>0</u>
<i>Totals</i>	<u><u>\$19,417,427</u></u>	<u><u>\$1,074,239</u></u>	<u><u>\$1,682,362</u></u>	<u><u>\$103,560</u></u>

General Revenues

Property Taxes Levied for:

 General Purposes

 Capital Outlay

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year - (See Note 3)

Net Assets End of Year (Deficit)

See accompanying notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$8,219,267)	\$0	(\$8,219,267)
(1,264,772)	0	(1,264,772)
(410,847)	0	(410,847)
(662,612)	0	(662,612)
(852,010)	0	(852,010)
(37,468)	0	(37,468)
(1,212,063)	0	(1,212,063)
(556,453)	0	(556,453)
(40,173)	0	(40,173)
(1,514,229)	0	(1,514,229)
(999,628)	0	(999,628)
(286,283)	0	(286,283)
(7,071)	0	(7,071)
(416,138)	0	(416,138)
(16,479,014)	0	(16,479,014)
0	(21,591)	(21,591)
0	(56,661)	(56,661)
0	(78,252)	(78,252)
(16,479,014)	(78,252)	(16,557,266)
7,597,582	0	7,597,582
467,026	0	467,026
7,754,613	0	7,754,613
93,138	0	93,138
104,597	0	104,597
16,016,956	0	16,016,956
(5,000)	5,000	0
16,011,956	5,000	16,016,956
(467,058)	(73,252)	(540,310)
6,850,305	45,085	6,895,390
\$6,383,247	(\$28,167)	\$6,355,080

River View Local School District

Balance Sheet

Governmental Funds

June 30, 2002

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,830,856	\$885,721	\$195,451	\$3,912,028
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	182,711	0	0	182,711
Receivables:				
Taxes	7,595,072	179,467	0	7,774,539
Accounts	2,471	0	0	2,471
Intergovernmental	7,436	0	224,818	232,254
Interfund	97,000	0	0	97,000
Prepaid Items	12,204	0	0	12,204
Materials and Supplies Inventory	154,644	0	3,690	158,334
<i>Total Assets</i>	<u>\$10,882,394</u>	<u>\$1,065,188</u>	<u>\$423,959</u>	<u>\$12,371,541</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$59,166	\$15,639	\$9,406	\$84,211
Contracts Payable	0	26,128	0	26,128
Accrued Wages	1,165,535	0	74,541	1,240,076
Matured Compensated Absences Payable	12,593	0	22,000	34,593
Interfund Payable	48	0	0	48
Intergovernmental Payable	272,791	0	17,204	289,995
Deferred Revenue	7,497,572	177,163	110,868	7,785,603
<i>Total Liabilities</i>	<u>9,007,705</u>	<u>218,930</u>	<u>234,019</u>	<u>9,460,654</u>
Fund Balances:				
Reserved for Encumbrances	314,133	168,433	30,982	513,548
Reserved for Property Taxes	97,500	2,304	0	99,804
Reserved for Bus Purchase Allowance	102,360	0	0	102,360
Reserved for Budget Stabilization	80,351	0	0	80,351
Unreserved, Undesignated, Reported in:				
General Fund	1,280,345	0	0	1,280,345
Special Revenue Funds	0	0	153,827	153,827
Capital Projects Funds	0	675,521	5,131	680,652
<i>Total Fund Balances</i>	<u>1,874,689</u>	<u>846,258</u>	<u>189,940</u>	<u>2,910,887</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$10,882,394</u>	<u>\$1,065,188</u>	<u>\$423,959</u>	<u>\$12,371,541</u>

See accompanying notes to the basic financial statements

River View Local School District
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2002

Total Governmental Funds Balances	\$2,910,887
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,895,687
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property taxes	241,159
Grants	110,868
Total	352,027
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	(423,351)
Intergovernmental payables include contractually required pension contributions which are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(129,594)
Compensated Absences Payable are not due and payable in the current period and therefore are not reported in the funds.	(1,222,409)
<i>Net Assets of Governmental Activities</i>	\$6,383,247
See accompanying notes to the basic financial statements	

River View Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2002

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$7,521,035	\$471,744	\$0	\$7,992,779
Intergovernmental	7,810,035	46,938	1,091,608	8,948,581
Interest	93,138	0	0	93,138
Tuition and Fees	63,224	0	867	64,091
Extracurricular Activities	0	0	108,549	108,549
Rentals	1,233	0	0	1,233
Charges for Services	27,657	0	29,698	57,355
Contributions and Donations	3,965	0	26,464	30,429
Miscellaneous	60,426	13,727	30,444	104,597
<i>Total Revenues</i>	<u>15,580,713</u>	<u>532,409</u>	<u>1,287,630</u>	<u>17,400,752</u>
Expenditures				
Current:				
Instruction:				
Regular	7,337,802	0	220,566	7,558,368
Special	1,254,971	0	365,956	1,620,927
Vocational	405,076	0	11,940	417,016
Support Services:				
Pupils	651,144	0	127,927	779,071
Instructional Staff	732,428	0	306,586	1,039,014
Board of Education	41,136	0	540	41,676
Administration	1,176,333	0	107,044	1,283,377
Fiscal	554,198	0	4,585	558,783
Business	39,088	0	0	39,088
Operation and Maintenance of Plant	1,397,436	0	8,387	1,405,823
Pupil Transportation	1,307,119	0	249	1,307,368
Central	147,628	0	57,461	205,089
Operation of Non-Instructional Services	0	0	342	342
Extracurricular Activities	246,644	0	144,383	391,027
Capital Outlay	0	681,192	41,595	722,787
<i>Total Expenditures</i>	<u>15,291,003</u>	<u>681,192</u>	<u>1,397,561</u>	<u>17,369,756</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>289,710</u>	<u>(148,783)</u>	<u>(109,931)</u>	<u>30,996</u>
Other Financing Sources (Uses)				
Transfers In	0	0	3,917	3,917
Transfers Out	(8,917)	0	0	(8,917)
<i>Total Other Financing Sources (Uses)</i>	<u>(8,917)</u>	<u>0</u>	<u>3,917</u>	<u>(5,000)</u>
<i>Net Change in Fund Balance</i>	280,793	(148,783)	(106,014)	25,996
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>1,593,896</u>	<u>995,041</u>	<u>295,954</u>	<u>2,884,891</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,874,689</u></u>	<u><u>\$846,258</u></u>	<u><u>\$189,940</u></u>	<u><u>\$2,910,887</u></u>

See accompanying notes to the basic financial statements

River View Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2002*

Net Change in Fund Balances - Total Governmental Funds \$25,996

*Amounts reported for governmental activities in the
statement of activities are different because*

Governmental funds report capital outlays as expenditures.
However, in 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
depreciation exceeded capital outlay in the current period.

Fixed Asset Additions	445,560
Current Year Depreciation	<u>(634,813)</u>

Total	(189,253)
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Revenues in the statement of activities that do not provide
current financial resources are not reported as revenues
in the funds.

Property Taxes	76,547
Grants	<u>30,405</u>

Total	106,952
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Some expenses reported in the statement of activities do not
require the use of current financial resources and therefore
are not reported as expenditures in governmental funds.

Compensated Absences	30,401
Pension Obligation	<u>9,347</u>

Total	39,748
-------	--------

The internal service fund used by management to charge
the costs of insurance to individual funds is not reported
in the district-wide statement of activities. The net
revenue (expense) of the internal service fund is reported
within governmental activities.

(450,501)

Change in Net Assets of Governmental Activities

(\$467,058)

See accompanying notes to the basic financial statements

River View Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$9,752,564	\$8,357,602	\$8,456,723	\$99,121
Intergovernmental	4,565,644	7,781,279	7,802,599	21,320
Interest	175,394	120,683	92,986	(27,697)
Tuition and Fees	261,121	264,192	63,224	(200,968)
Rentals	1,233	1,233	1,233	0
Charges for Services	27,657	27,657	27,657	0
Contributions and Donations	2,615	2,615	2,615	0
Miscellaneous	110,223	28,721	67,007	38,286
<i>Total Revenues</i>	<u>14,896,451</u>	<u>16,583,982</u>	<u>16,514,044</u>	<u>(69,938)</u>
Expenditures				
Current:				
Instruction:				
Regular	7,157,247	8,255,219	7,536,409	718,810
Special	1,354,244	1,551,943	1,297,086	254,857
Vocational	394,519	457,867	440,686	17,181
Adult/Continuing	8,820	8,820	0	8,820
Support Services:				
Pupils	586,172	762,595	654,007	108,588
Instructional Staff	748,272	863,299	751,241	112,058
Board of Education	65,561	74,160	48,244	25,916
Administration	1,197,069	1,325,371	1,251,472	73,899
Fiscal	624,328	719,809	585,786	134,023
Business	48,150	49,643	48,293	1,350
Operation and Maintenance of Plant	1,507,004	1,718,661	1,521,023	197,638
Pupil Transportation	1,235,152	1,609,036	1,437,761	171,275
Central	212,713	240,845	153,070	87,775
Operation of Non-Instructional Services	55	55	0	55
Extracurricular Activities	243,233	299,982	252,963	47,019
<i>Total Expenditures</i>	<u>15,382,539</u>	<u>17,937,305</u>	<u>15,978,041</u>	<u>1,959,264</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(486,088)</u>	<u>(1,353,323)</u>	<u>536,003</u>	<u>1,889,326</u>

(continued)

River View Local School District
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 General Fund (continued)
 For the Fiscal Year Ended June 30, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Advances In	0	0	17,595	17,595
Advances Out	(17,243)	(97,000)	(97,000)	0
Transfers Out	(38,500)	(38,500)	(8,917)	29,583
<i>Total Other Financing Uses</i>	<u>(55,743)</u>	<u>(135,500)</u>	<u>(88,322)</u>	<u>47,178</u>
<i>Net Change in Fund Balance</i>	(541,831)	(1,488,823)	447,681	1,936,504
<i>Fund Balance Beginning of Year</i>	1,775,677	1,775,677	1,775,677	0
Prior Year Encumbrances Appropriated	<u>415,420</u>	<u>415,420</u>	<u>415,420</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,649,266</u></u>	<u><u>\$702,274</u></u>	<u><u>\$2,638,778</u></u>	<u><u>\$1,936,504</u></u>

See accompanying notes to the basic financial statements

River View Local School District

Statement of Fund Net Assets

Proprietary Funds

June 30, 2002

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Food Service	Rainbow Child Care	Total	
Assets				
<i>Current Assets</i>				
Equity in Pooled Cash and Cash Equivalents	\$30,903	\$68,634	\$99,537	\$0
Cash and Cash Equivalents with Fiscal Agent	0	0	0	71,649
Receivables:				
Accounts	0	3,135	3,135	0
Intergovernmental	0	4,699	4,699	0
Interfund	48	0	48	0
Inventory Held for Resale	15,229	0	15,229	0
Materials and Supplies Inventory	200	3,541	3,741	0
<i>Total Current Assets</i>	46,380	80,009	126,389	71,649
<i>Non-current Assets</i>				
Capital Assets, Net	35,927	34,419	70,346	0
<i>Total Assets</i>	82,307	114,428	196,735	71,649
Liabilities				
<i>Current Liabilities</i>				
Accounts Payable	88	9,604	9,692	0
Accrued Wages	31,566	17,785	49,351	0
Interfund Payable	0	75,000	75,000	0
Intergovernmental Payable	26,237	31,100	57,337	0
Claims Payable	0	0	0	495,000
<i>Total Current Liabilities</i>	57,891	133,489	191,380	495,000
<i>Long-Term Liabilities:</i>				
Compensated Absences Payable	19,888	13,634	33,522	0
<i>Total Liabilities</i>	77,779	147,123	224,902	495,000
Net Assets				
Invested in Capital Assets	35,927	34,419	70,346	0
Unrestricted (Deficit)	(31,399)	(67,114)	(98,513)	(423,351)
<i>Total Net Assets (Deficit)</i>	\$4,528	(\$32,695)	(\$28,167)	(\$423,351)

See accompanying notes to the basic financial statements

River View Local School District
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2002*

	<u>Business Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Fund
	Food Service	Rainbow Child Care	Total	
Operating Revenues				
Tuition	\$0	\$289,831	\$289,831	\$0
Sales	553,180	0	553,180	0
Charges for Services	0	0	0	2,085,802
<i>Total Operating Revenues</i>	<u>553,180</u>	<u>289,831</u>	<u>843,011</u>	<u>2,085,802</u>
Operating Expenses				
Salaries	247,066	390,037	637,103	0
Fringe Benefits	149,494	79,620	229,114	0
Purchased Services	5,982	20,582	26,564	159,606
Materials and Supplies	3,403	80,990	84,393	0
Cost of Sales	462,958	0	462,958	0
Depreciation	2,865	4,668	7,533	0
Claims	0	0	0	2,376,697
<i>Total Operating Expenses</i>	<u>871,768</u>	<u>575,897</u>	<u>1,447,665</u>	<u>2,536,303</u>
<i>Operating Loss</i>	<u>(318,588)</u>	<u>(286,066)</u>	<u>(604,654)</u>	<u>(450,501)</u>
Non-Operating Revenues				
Donated Commodities	71,773	0	71,773	0
Interest	724	0	724	0
Operating Grants	224,500	229,405	453,905	0
<i>Total Non-Operating Revenues</i>	<u>296,997</u>	<u>229,405</u>	<u>526,402</u>	<u>0</u>
<i>Excess of Revenue Under Expenses</i>	<u>(21,591)</u>	<u>(56,661)</u>	<u>(78,252)</u>	<u>(450,501)</u>
Transfers In	5,000	0	5,000	0
<i>Change in Net Assets</i>	<u>(16,591)</u>	<u>(56,661)</u>	<u>(73,252)</u>	<u>(450,501)</u>
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	<u>21,119</u>	<u>23,966</u>	<u>45,085</u>	<u>27,150</u>
<i>Net Assets (Deficit) End of Year</i>	<u><u>\$4,528</u></u>	<u><u>(\$32,695)</u></u>	<u><u>(\$28,167)</u></u>	<u><u>(\$423,351)</u></u>

See accompanying notes to the basic financial statements

River View Local School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2002

	<u>Business Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Fund
	<u>Food Service</u>	<u>Rainbow Child Care</u>	<u>Total</u>	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$553,180	\$0	\$553,180	\$0
Cash Received from Tuition Payments	0	286,998	286,998	0
Cash Received from Interfund Transactions	0	0	0	2,085,802
Cash Payments to Employees for Services	(254,532)	(395,581)	(650,113)	0
Cash Payments for Employee Benefits	(146,174)	(91,301)	(237,475)	0
Cash Payments for Goods and Services	(399,699)	(103,896)	(503,595)	(159,606)
Cash Payments for Claims	0	0	0	(2,342,504)
<i>Net Cash Used for Operating Activities</i>	<u>(247,225)</u>	<u>(303,780)</u>	<u>(551,005)</u>	<u>(416,308)</u>
Cash Flows from Noncapital Financing Activities				
Financing Activities				
Operating Grants Received	213,555	255,813	469,368	0
Transfers In	5,000	0	5,000	0
Advance In	0	75,000	75,000	0
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>218,555</u>	<u>330,813</u>	<u>549,368</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities				
Payments for Capital Acquisitions	0	(1,997)	(1,997)	0
Cash Flows from Investing Activities				
Interest on Investments	876	0	876	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(27,794)	25,036	(2,758)	(416,308)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>58,697</u>	<u>43,598</u>	<u>102,295</u>	<u>487,957</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$30,903</u>	<u>\$68,634</u>	<u>\$99,537</u>	<u>\$71,649</u>

(continued)

River View Local School District
Statement of Cash Flows
Proprietary Funds (continued)
For the Fiscal Year Ended June 30, 2002

	<u>Business Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Fund
	<u>Food Service</u>	<u>Rainbow Child Care</u>	<u>Total</u>	
Reconciliation of Operating Loss to Net Cash Used For Operating Activities				
Operating Loss	(\$318,588)	(\$286,066)	(\$604,654)	(\$450,501)
Adjustments:				
Depreciation	2,865	4,668	7,533	0
Donated Commodities Received During Year	71,773	0	71,773	0
(Increase) Decrease in Assets:				
Accounts Receivable	0	1,866	1,866	0
Intergovernmental Receivable	0	(4,699)	(4,699)	0
Inventory Held for Resale	166	0	166	0
Materials and Supplies Inventory	617	(1,022)	(405)	0
Increase (Decrease) in Liabilities:				
Accounts Payable	88	(1,302)	(1,214)	0
Accrued Wages	(8,296)	(10,240)	(18,536)	0
Compensated Absences Payable	3,739	2,840	6,579	0
Intergovernmental Payable	411	(9,825)	(9,414)	0
Claims Payable	0	0	0	34,193
<i>Total Adjustments</i>	<u>71,363</u>	<u>(17,714)</u>	<u>53,649</u>	<u>34,193</u>
<i>Net Cash Used for Operating Activities</i>	<u>(\$247,225)</u>	<u>(\$303,780)</u>	<u>(\$551,005)</u>	<u>(\$416,308)</u>

Non Cash Non Capital Financing Activities

Federal Donated Commodities in the amount of \$71,773 were recorded as revenue when received in the food service enterprise fund.

See accompanying notes to the basic financial statements

River View Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2002

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$22,723	\$56,511
Liabilities		
Due to Students	0	\$56,511
Net Assets		
Held in Trust for Scholarships	\$22,723	

See accompanying notes to the basic financial statements

River View Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2002

	Private Purpose Trust
	Scholarship
Additions	
Interest	\$10,760
Deductions	
Benefits	1,929
<i>Change in Net Assets</i>	8,831
<i>Net Assets Beginning of Year</i>	13,892
<i>Net Assets End of Year</i>	\$22,723

See accompanying notes to the basic financial statements

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River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 1 - Description of the School District and Reporting Entity

The River View Local School District (the "School District") was formed on January 8, 1962, with the consolidation of the Three Rivers Local, Union Local, and Warsaw Local School Districts. The combined high school, River View Local High School, was built in 1965, with the first class graduating in 1966. The River View Local Board of Education assumed ownership of the Rainbow Childcare Center in August 1992.

The River View Local School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by State and Federal agencies. The Board controls the School District's seven instructional/support facilities staffed by 151 non-certificated, 164 certificated teaching personnel and 15 administrators, who provide services to community members, preschool children and 2,635 students.

Reporting Entity

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

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

The School District participates in two jointly governed organizations, an insurance purchasing pool and one claims servicing pool. These organizations are the Ohio Mid-Eastern Regional Educational Service Agency, Coshocton County Joint Vocational School District, the Ohio School Plan and the Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan. These organizations are presented in Notes 17, 18 and 19 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

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

Fund Financial Statements During the year, the School District segregates transactions related to certain School 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 School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses 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 following are the School District's major governmental funds:

General Fund The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Permanent Improvement Fund The permanent improvement fund receives property taxes for acquisition, construction or improvement of capital facilities.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds Proprietary funds focus on the determination of changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise funds are:

Food Service Fund This fund accounts for purchase and sales transactions related to the food service operations of the School District.

Rainbow Child Care Fund This fund accounts for the monies used to provide services related to programs that benefit infants, toddlers, preschool children and school age children.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund is a self insurance fund that accounts for prescription drug, dental and medical claims of School District employees.

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 fund is a private purpose trust which accounts for college scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds are student activities.

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 School District are included on the statement of net assets. The statement of activities present increases, (i.e. revenues) and decreases (i.e. expenses) in total net assets.

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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Like the government-wide statements, all the proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

The private purpose trust fund is accounted for on a flow of economic resources measurement focus.

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. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis 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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations 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 year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Expenses/Expenditures 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.

E. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, 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 amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the object level within each function.

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior 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 Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including the proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

During fiscal year 2002, investments were limited to repurchase agreements, reported at cost, and STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2002.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$93,138, which includes \$20,578 assigned from other School District funds.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

The School District participates in the OME-RESA insurance consortium for self-insurance. These monies are held separate from the School District's central bank account and are reflected on the balance sheet as "cash and cash equivalents with fiscal agent." The Jefferson County Educational Service Center serves as the fiscal agent for the insurance consortium.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the basic financial statements as cash equivalents.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the general fund include amounts required by State statute to be set aside to create a reserve for budget stabilization and unspent bus purchase revenues. See Note 20 for additional information regarding set-asides.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Inventory

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expended/expensed when used.

Inventories consist of donated food, purchased food, school supplies held for resale and materials and supplies held for consumption.

J. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. 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 in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. The School District maintains a capitalization threshold of \$500. The School 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 except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Description	Governmental Activities Estimated Lives	Business - Type Activities Estimated Lives
Buildings and Improvements	40 years	N/A
Furniture and Fixtures	5 - 20 years	5 - 20 years
Vehicles	4 years	N/A

K. Interfund Balances

On 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 and business type activities column of the statement of net assets, except for the net residual amount due between governmental and business type activities, which are presented as internal balances.

L. 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 employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for employees after ten years of service based on historical trends.

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated unpaid leave.

M. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long term obligations from proprietary funds are reported on the proprietary fund 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 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.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

N. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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 and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

O. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles, but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

P. 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 School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for food service operations, tuition for the Rainbow Child Care and charges for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

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 Board of Education and that are either unusual in nature or infrequent in occurrence.

S. 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.

Note 3 - Change in Accounting Principle and Restatement of Fund Balance

Changes in Accounting Principles For fiscal year 2002, the School District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" GASB Statement No. 38, "Certain Financial Statement Note Disclosures", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB Statement 34 creates new basic financial statements for reporting on the School District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total within a single column.

The government-wide financial statements distinguish the School District's programs between business-type and governmental activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2001, caused by the elimination of the internal service fund, reclassification of funds based on the guidance provided in Statement No. 34 and the conversion to the accrual basis of accounting.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

Restatement of Fund Balance It was determined that the uniform school supplies fund previously reported as an enterprise fund should be reclassified as a special revenue fund. As of June 30, 2001, intergovernmental payables were understated for governmental activities. The new standards for reporting fund obligations for compensated absences in Interpretation No. 6 also caused changes in previously reported fund balances. These restatements had the following effects on fund balance of the major and nonmajor funds of the School District as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

	General	Permanent Improvement	Nonmajor	Total
Fund Balances, June 30, 2001, as Previously Reported	\$1,584,931	\$995,041	\$301,357	\$2,881,329
Fund Reclassification	0	0	1,113	1,113
Intergovernmental Payable Interpretation 6	0	0	(6,516)	(6,516)
Compensated Absences	8,965	0	0	8,965
Restated Fund Balances, June 30, 2001	<u>\$1,593,896</u>	<u>\$995,041</u>	<u>\$295,954</u>	2,884,891
GASB 34 Adjustments:				
Capital Assets				5,084,940
Internal Service Fund				27,150
Compensated Absences Payable				(1,252,810)
Intergovernmental Payable				(138,941)
Long-Term (Deferred) Assets				<u>245,075</u>
Net Assets of Governmental Activities, June 30, 2001				<u>\$6,850,305</u>

At June 30, 2001, fixed assets were understated in the enterprise funds. This restatement and the fund reclassification had the following effect on net assets of business-type activities:

	Food Service	Rainbow Child Care	Uniform School Supply	Business-Type Activity
Fund Equity, June 30, 2001	\$13,813	\$14,390	\$1,113	\$29,316
Fund Reclassification	0	0	(1113)	(1,113)
Fixed Assets	7,306	9,576	0	16,882
Restated Net Assets, June 30, 2001	<u>\$21,119</u>	<u>\$23,966</u>	<u>\$0</u>	<u>\$45,085</u>

Note 4 - Accountability and Compliance

A. Accountability

The following funds had deficit fund balances/net assets as of June 30, 2002:

Special Revenue Funds:

Teacher Development	\$64
Public Preschool Grant	2,124
School Conflict Grant	4,238
Title VI-B	20,887
Rainbow Child Care Enterprise Fund	32,695
Self Insurance Internal Service Fund	104,485

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

The special revenue funds deficit balances resulted from adjustments for accrued liabilities. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The deficit net assets in the rainbow child care enterprise fund and the self insurance internal service fund resulted from accumulated losses. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur. Management is analyzing these funds to determine how the deficits will be eliminated.

B. Compliance

The following funds had total original appropriations in excess of estimated resources plus carryover balances in violation of Section 5705.39, Ohio Revised Code:

	Original Estimated Revenues Plus Carryover Balances	Appropriations	Excess
<i>Special Revenue Funds</i>			
Public School Support	\$78,751	(\$87,529)	(\$8,778)
Uniform School Supplies	24,826	(25,445)	(619)
<i>Enterprise Funds</i>			
Food Service	756,124	(778,130)	(22,006)
Rainbow Child Care	517,616	(521,317)	(3,701)

This oversight was identified and corrected by fiscal year end.

Note 5 - Budgetary Basis of Accounting

While the School District is reporting its financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The 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 GAAP basis are as follows:

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).

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$280,793
Net Adjustment for Revenue Accruals	933,331
Advances In	17,595
Net Adjustment for Expenditure Accruals	(312,249)
Advance Out	(97,000)
Encumbrances	<u>(374,789)</u>
Budget Basis	<u>\$447,681</u>

Note 6 - Deposits and Investments

State statutes classify monies held by the School District into three categories.

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

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

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

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

1. United States Treasury Notes, Bill, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, 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;

River View Local School District
Notes to the Basic Financial Statements
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3. Written repurchase agreements in securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

At June 30, 2002, the School District's self-insurance internal service fund had a cash balance of \$71,649 with OME-RESA, a claims servicing pool (See Note 19). The money is held by the claims service in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement No. 3. The classification of cash and cash equivalents and investments for the OME-RESA Self-Insurance Plan (Plan) as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan, Steubenville, Ohio 43952.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Deposits At year end, the carrying amount of the School District's deposits was \$2,169,001 and the bank balance was \$3,127,202. Of the bank balance:

1. \$100,000 of the bank balance was covered by depository insurance; and
2. \$3,027,202 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments GASB Statement 3 requires investments to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreement	\$479,101	\$479,101	\$479,101
STAROhio		1,625,408	1,625,408
Total	\$479,101	\$2,104,509	\$2,104,509

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

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$4,345,159	\$0
Cash Held by Fiscal Agent	(71,649)	0
Investments Which are Part of a Cash Management Pool		
Repurchase Agreement	(479,101)	479,101
STAROhio	(1,625,408)	1,625,408
GASB Statement No. 3	\$2,169,001	\$2,104,509

Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July 1 through June 30. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are for calendar 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2002, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2002 taxes were collected are:

	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$172,581,670	44.58%	\$177,280,960	59.00%
Public Utility Personal	174,049,410	44.95	78,319,770	26.07
Tangible Personal Property	40,556,147	10.47	44,843,800	14.93
Totals	<u>\$387,187,227</u>	<u>100.00%</u>	<u>\$300,444,530</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$31.30		\$31.30	

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 later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives taxes from Coshocton, Muskingum and Licking County. The County Treasurers collect property taxes on behalf of all taxing districts in the County, including River View Local School District. The County Auditors periodically remit to the School District its portion of taxes. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Accrued property taxes receivable include real property, personal property and public utility taxes which are measurable as of June 30, 2002 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations.

The amount available to the School District as an advance at June 30 is recognized as revenue. At June 30, 2002, \$97,500 was available as an advance to the general fund and \$2,304 was available to the permanent improvement capital projects fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis, the revenue is deferred.

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2002, was as follows:

	<u>Balance</u> <u>June 30, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2002</u>
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$478,659	\$0	\$0	\$478,659
Depreciable Capital Assets				
Buildings and Improvements	9,053,744	0	0	9,053,744
Furniture and Equipment	2,631,169	190,172	(64,331)	2,757,010
Vehicles	2,084,363	255,388	(130,086)	2,209,665
<i>Total Capital Assets being depreciated</i>	<u>13,769,276</u>	<u>445,560</u>	<u>(194,417)</u>	<u>14,020,419</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(6,060,112)	(168,977)	0	(6,229,089)
Furniture and Fixtures	(1,721,229)	(223,683)	64,331	(1,880,581)
Vehicles	(1,381,654)	(242,153)	130,086	(1,493,721)
<i>Total Accumulated Depreciation</i>	<u>(9,162,995)</u>	<u>(634,813) *</u>	<u>194,417</u>	<u>(9,603,391)</u>
<i>Depreciable Capital Assets, Net of Accumulated Depreciation</i>	<u>4,606,281</u>	<u>(189,253)</u>	<u>0</u>	<u>4,417,028</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$5,084,940</u>	<u>(\$189,253)</u>	<u>\$0</u>	<u>\$4,895,687</u>
Business - Type Activities				
Furniture and Fixtures	\$279,715	\$1,997	\$0	\$281,712
Less: Accumulated Depreciation	(203,833)	(7,533)	0	(211,366)
<i>Business - Type Activities Capital Assets, Net</i>	<u>\$75,882</u>	<u>(\$5,536)</u>	<u>\$0</u>	<u>\$70,346</u>

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

* Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	\$426,370
Special	\$2,534
Vocational	1,512
Support Services	
Pupils	3,074
Instructional Staff	6,797
Administration	12,885
Fiscal	1,215
Operation and Maintenance of Plant	958
Pupil Transportation	12,919
Central	4,962
Operation of Non-Instructional Services	2,865
Extracurricular Activities	158,722
Total Depreciation Expense	\$634,813

Note 9 - Receivables

Receivables at June 30, 2002, consisted of taxes, accounts (rent, student fees and tuition), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year.

A summary of principal items of intergovernmental receivables follows:

Governmental Activities

Title I	\$134,316
Title VI-B	55,132
Class Size Reduction	25,494
Title VI	8,217
Tuition and Fees	7,436
Eisenhower Math and Science Grant	1,659
Total	\$232,254

Note 10 - Interfund Balances

On the fund financial statements the general fund reported an interfund receivable at June 30, 2002 of \$12,000. The school conflict special revenue fund had an interfund payable of the same amount. The loan was due to the timing of receiving federal grant funds.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

On the fund financial statements the general fund reported an interfund receivable at June 30, 2002 of \$4,500. The Title VI-B special revenue fund had an interfund payable of the same amount. The loan was due to the timing of receiving federal grant funds.

On the fund financial statements the general fund reported an interfund receivable at June 30, 2002 of \$4,500. The Title I special revenue fund had an interfund payable of the same amount. The loan was due to the timing of receiving federal grant funds.

On the fund financial statements the general fund reported an interfund receivable at June 30, 2002 of \$1,000. The Title VI special revenue fund had an interfund payable of the same amount. The loan was due to the timing of receiving federal grant funds.

On the fund financial statements the general fund reported an interfund receivable at June 30, 2002 of \$75,000. The rainbow child care enterprise fund had an interfund payable of the same amount. The loan was due to the timing of billing collections for child care related services.

On the fund financial statements the food service enterprise fund reported an interfund receivable at June 30, 2002 of \$48. The general fund reported an interfund payable of the same amount. The loan was due to the timing of interest earned.

Note 11 - Interfund Transfers

During fiscal year 2002 the general fund made transfers of \$3,917 to the athletic district managed special revenue fund and \$5,000 to the food service enterprise fund. These transfers were made to move unrestricted balances to support programs and projects accounted for in other funds.

Note 12 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2002, the School District contracted with Nationwide Insurance Company for commercial and business auto insurance coverage.

Commercial property liability insurance carries a blanket limit of \$44,576,300 with a \$500 deductible. Business auto coverage provides a \$2,000,000 combined single limit liability and a \$500 deductible for collision.

During fiscal year 2002, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (Note 18).

Professional and General Liability are covered through the Ohio School Plan with a \$1,000,000 per occurrence limit, a \$3,000,000 per year aggregate and no deductible.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Settled claims have not exceeded this commercial coverage in any of the past three years and there has not been a significant reduction in coverage from the prior year.

B. Other Employee Benefits

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The School District has elected to provide dental, medical, and prescription drug coverage benefits through a self-insurance program. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a dental plan with a \$52.37 family and \$21.12 single premium, a medical plan with a \$439.69 family and \$195.94 single premium and a prescription plan with a \$5 per prescription premium. The monthly premium coverage for this plan is \$137.33 family and \$56.77 single deductible. The School District is responsible for payment of all medical and dental claim amounts in excess of the employee payment percentages established in the Plan document. A third party administrator, Self-Funded, Inc. reviews and pays all prescription claims.

The claims liability of \$495,000 reported in the internal service fund at June 30, 2002 is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount for 2001 and 2002 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2001	\$267,918	\$1,965,099	\$1,772,210	\$460,807
2002	460,807	2,376,697	2,342,504	495,000

Note 13 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work 260 days per year earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year 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 210 days. Upon retirement, payment is made for one-fourth of the total unused sick leave based on the number of credited service years. The maximum are as follows:

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Ten years of State service – a maximum of 173 days sick leave accumulation
Ten years of service with River View – a maximum of 181 days sick leave accumulation
Fifteen years of service with River View – a maximum of 200 days sick leave accumulation

B. Life / Medical Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Medical Life Insurance Company, in the amount of \$25,000 for certificated employees and \$20,000 for classified employees.

C. Retirement Incentive

In addition to severance benefits and STRS pension benefits, certified employees are offered a one-time retirement incentive of \$10,000, during the first year of eligibility for retirement. The employee has only one opportunity to accept or reject the bonus incentive opportunity. The certified employee must be able to retire by August 22 of the year of the request for the benefit. If rejected in the initial year of opportunity, the employee does not have a second chance to select the bonus option. The benefit is paid in the next calendar year following the year of retirement. At June 30, 2002, there is no retirement incentive liability for the School District.

Note 14 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$152,142, \$108,760 and \$136,203, respectively; 51.09 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$74,410 representing the unpaid contribution for fiscal year 2002. The balance outstanding is reflected as an intergovernmental payable.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2002, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001 and 2000 were \$721,786, \$684,981 and \$428,912 respectively; 90.11 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$71,365 representing the unpaid contribution for fiscal year 2002. The balance outstanding is reflected as an intergovernmental payable within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement/State Teachers Retirement System. As of June 30, 2002, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 15 - Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System, (STRS), and to retired non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District this amount equaled \$341,898 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent for fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established as \$12,400. For the School District, the amount to fund health care benefits, including surcharge, during the 2002 fiscal year equaled \$237,965.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2001, (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Note 16 - Long Term Obligations

The changes in the School District's long-term obligations during the year consist of the following:

	Outstanding 06/30/01	Additions	Reductions	Outstanding 06/30/02	Due in One Year
Governmental Activities					
Compensated Absences Payable	\$1,252,810	\$30,391	\$60,792	\$1,222,409	\$2,261
Business-Type Activities					
Compensated Absences Payable	\$26,943	\$6,649	\$70	\$33,522	\$70

The compensated absences will be paid from the general fund and the Title VI-B and dependent care grant special revenue funds and the food service and rainbow child care enterprise funds.

Note 17 - Jointly Governed Organizations

A. Ohio Mid-Eastern Regional Educational Service Agency

The Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) is jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, and educational management information system, cooperative purchased services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District's continued participation and no equity interest exists.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

OME-RESA has no outstanding debt. The River View Local School District paid \$91,939 to OME-RESA during fiscal year 2002 for services. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Steubenville, Ohio 43952.

B. Coshocton County Joint Vocational School District

Coshocton County Joint Vocational School District is a jointly governed organization providing vocational services to its three member school districts. The joint vocational school is governed by a five member board of education of which two members are appointed by the River View Local School District, two members are appointed by the Coshocton City School District and one member is appointed by the Ridgewood Local School District. The board controls the financial activity of the Joint Vocational School District. The Joint Vocational School District receives no direct funding from the member school districts. The continued existence of the Joint Vocational School District is not dependent on the River View Local School District's continued participation and no equity interest exists. The School District paid \$1,136 to Coshocton County Joint Vocational School District during fiscal year 2002.

Note 18 - Insurance Purchasing Pooling

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools. The School District paid \$18,279 for the annual premium for fiscal year 2002.

Note 19 - Claims Servicing Pool

Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan (Plan) The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) self-insurance Plan, a claims servicing pool comprised of fifty members. Each participant is a member of the assembly. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the OME-RESA's assembly. Each member pays a monthly premium based on their claims history and a monthly administration fee. The River View Local School District paid \$159,606 to OME-RESA during fiscal year 2002 for services. All participating members retain their risk and the Plan acts as the claims servicing agent.

Note 20 - Set asides

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

amounts must be carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2002, only the unspent portion of certain workers' compensation refunds continues to be set aside.

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

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbook Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2001	\$80,351	\$0	(\$408,323)
Current Year Set-aside Requirement	0	302,693	302,693
Qualifying Disbursements	0	(486,168)	(540,567)
Totals	<u>\$80,351</u>	<u>(\$183,475)</u>	<u>(\$646,197)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$80,351</u>	<u>\$0</u>	<u>(\$646,197)</u>
Set-aside Reserve Balance as of June 30, 2002	<u>\$80,351</u>	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition and textbook set-asides. The extra amount in the textbook set-aside may be used to reduce the set-aside requirement of future years. The extra amount in the capital acquisition set-aside may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years.

Note 21 - State School Funding Decision

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

Note 22 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

B. Litigation

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

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RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCKTON COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>(Pass Through Ohio Department of Education:)</i>						
Child Nutrition Cluster						
Food Distribution	N/A	10.550	\$ 0	\$ 71,773	\$ 0	\$ 71,851
School Breakfast Program	N/A	10.553	38,680	0	38,680	0
National School Lunch Program	N/A	10.555	178,875	0	178,875	0
Total Child Nutrition Cluster			<u>217,555</u>	<u>71,773</u>	<u>217,555</u>	<u>71,851</u>
Child and Adult Care Food Program	N/A	10.558	39,008	0	39,008	0
Total U.S. Department of Agriculture			<u>256,563</u>	<u>71,773</u>	<u>256,563</u>	<u>71,851</u>
U.S. DEPARTMENT OF EDUCATION						
<i>(Pass Through Ohio Department of Education:)</i>						
Title I Grants to Local Educational Agencies	C1-S1-01C	84.010	61,997	0	37,587	0
	C1-S1-01		(694)	0	60,028	0
	C1-S1-02		<u>325,044</u>	<u>0</u>	<u>329,550</u>	<u>0</u>
Total Title I Grants to Local Educational Agencies			<u>386,347</u>	<u>0</u>	<u>427,165</u>	<u>0</u>
Special Education Cluster:						
Special Education_Grants to States	6B-SF-01P	84.027	27,842	0	25,754	0
	6B-SF-02P		<u>161,010</u>	<u>0</u>	<u>165,064</u>	<u>0</u>
Total Special Education_Grants to States			<u>188,852</u>	<u>0</u>	<u>190,818</u>	<u>0</u>
Special Education_ Pre-School Grants	PG-S1-00P	84.173	0	0	88	0
	PG-S1-01P		0	0	5,240	0
	PG-S1-02P		<u>16,320</u>	<u>0</u>	<u>12,662</u>	<u>0</u>
Total Special Education_ Pre-School Grants			<u>16,320</u>	<u>0</u>	<u>17,990</u>	<u>0</u>
Total Special Education Cluster			<u>205,172</u>	<u>0</u>	<u>208,808</u>	<u>0</u>
Drug Free Safe School	DR-S1-2002	84.186	11,051	0	11,051	0
Eisenhower Professional Development State Grant	MS-S1-00	84.281	0	0	1,993	0
	MS-S1-01		0	0	6,763	0
	MS-S1-02		<u>15,125</u>	<u>0</u>	<u>3,636</u>	<u>0</u>
Total Eisenhower Professional Development State Grant			<u>15,125</u>	<u>0</u>	<u>12,392</u>	<u>0</u>
Innovative Education Program Strategies	C2-S1-00	84.298	0	0	4,917	0
	C2-S1-01		3,190	0	2,829	0
	C2-S1-02		<u>6,344</u>	<u>0</u>	<u>6,633</u>	<u>0</u>
Total Innovative Education Program Strategies			<u>9,534</u>	<u>0</u>	<u>14,379</u>	<u>0</u>
Class Size Reduction	CR-S1-01	84.340	0	0	1,095	0
	CR-S1-02		<u>64,959</u>	<u>0</u>	<u>64,413</u>	<u>0</u>
Total Class Size Reduction			<u>64,959</u>	<u>0</u>	<u>65,508</u>	<u>0</u>
Total U.S. Department of Education			<u>692,188</u>	<u>0</u>	<u>739,303</u>	<u>0</u>
Totals			<u>\$ 948,751</u>	<u>\$ 71,773</u>	<u>\$ 995,866</u>	<u>\$ 71,851</u>

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

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCKTON COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards (Schedule) is a summary of the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Fourth Floor
Canton, Ohio 44702
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Facsimile 330-471-0001
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

River View Local School District
Coshocton County
26496 SR 60 North
Warsaw, Ohio 43844

To the Board of Education:

We have audited the basic financial statements of River View Local School District, Coshocton County, Ohio (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated December 11, 2002, in which we noted the District adopted Governmental Accounting Standards Board Statement No 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

However, we noted other immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 11, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over the financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 11, 2002.

This report is intended for the information and use of management, the audit committee, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

December 11, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

River View Local School District
Coshocton County
26496 SR 60 North
Warsaw, Ohio 43844

To the Board of Education:

Compliance

We have audited the compliance of Newcomerstown Exempted Village School District, Tuscarawas County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the audit committee, the Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Jim Petro
Auditor of State

December 11, 2002

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2002**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #84.010 -Title I
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

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RIVER VIEW LOCAL SCHOOL DISTRICT

COSHOCTON 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
JANUARY 9, 2003**