



**Auditor of State
Betty Montgomery**

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying basic 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, Ohio, (the District) as of and for the year ended June 30, 2003, 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, Ohio, as of June 30, 2003, and the respective changes in financial position and the cash flows, where applicable, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2004 on our consideration of the 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. 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 20, 2004

River View Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

The discussion and analysis of the 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, 2003. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2003 are as follows:

- In total, net assets decreased by \$387,647. The decrease in net assets of governmental activities was \$270,330. Net assets of business-type activities decreased by \$117,317 from 2002.
- General Revenues accounted for \$17,550,008 of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$3,014,305 of total revenues.
- The School District had \$19,467,217 in expenses related to governmental activities; only \$1,647,091 these expenses were offset by program specific charges for services, grants, or contributions. General revenue (primarily taxes and grants) of \$17,550,008 was adequate to provide for these programs.
- The general fund had \$17,057,231 in revenues and \$17,443,411 in expenditures. The General Fund's balance decreased by \$386,180.
- Net assets for the enterprise funds decreased by \$117,317. Operating expenses of \$1,484,488 exceeded operating revenues of \$854,462. Non operating revenues including grants and interest of \$512,709 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. The statements are organized so the reader can understand the River View Local School District as a whole 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
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Unaudited

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 2003?" 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 which restrict 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 kinds 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 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds 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 basic services it provides. Governmental fund information helps the reader 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, 2003
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 2003 compared to 2002:

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Assets						
Current and Other Assets	\$ 11,572,614	\$ 12,421,142	\$ (16,212)	\$ 51,389	\$ 11,556,402	\$ 12,472,531
Capital Assets	4,807,928	4,895,687	65,790	70,346	4,873,718	4,966,033
Total Assets	16,380,542	17,316,829	49,578	121,735	16,430,120	17,438,564
Liabilities						
Other Liabilities	9,341,301	9,711,173	176,275	116,380	9,517,576	9,827,553
Long-Term Liabilities						
Due in One Year	101,522	2,261	18,787	70	120,309	2,331
Due in More Than One Year	824,802	1,220,148	0	33,452	824,802	1,253,600
Total Liabilities	10,267,625	10,933,582	195,062	149,902	10,462,687	11,083,484
Net Assets						
Invested in Capital						
Assets Net of Related Debt	4,775,916	4,895,687	65,790	70,346	4,841,706	4,966,033
Restricted	1,169,156	1,288,456	0	0	1,169,156	1,288,456
Unrestricted (Deficit)	167,845	199,104	(211,274)	(98,513)	(43,429)	100,591
Total Net Assets	\$ 6,112,917	\$ 6,383,247	\$ (145,484)	\$ (28,167)	\$ 5,967,433	\$ 6,355,080

Total assets decreased by \$1,008,444 with governmental assets decreasing \$936,287 and business-type assets decreasing \$72,157.

The net assets of the School District decreased by \$387,647. This was primarily due again to the deregulation of the real public utilities tax and a mandatory budget reduction enacted by the Governor.

The net assets of the School District's business-type activities decreased by \$117,317. Operating revenues and grants are not currently matching expenses. Costs are being monitored to determine if there is a need for additional funds necessitating an increase in food service and child care fees.

River View Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

Table 2 shows the changes in net assets for fiscal year 2003. This table presents two fiscal years in side-by-side comparisons. This will enable the reader to draw further conclusion about the District's financial status and possibly project future problems.

(Table 2)
Governmental and Business-Type Activities

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 504,344	\$ 231,228	\$ 854,462	\$ 843,011	\$ 1,358,806	\$ 1,074,239
Operating Grants	1,142,747	1,155,960	512,752	526,402	1,655,499	1,682,362
Capital Grants	0	103,560	0	0	0	103,560
<i>General Revenue:</i>						
Property Taxes	7,672,067	8,064,608	0	0	7,672,067	8,064,608
Grants and Entitlements	9,587,625	7,754,613	0	0	9,587,625	7,754,613
Other	290,316	197,735	55	0	290,371	197,735
Total Revenues	19,197,099	17,507,704	1,367,269	1,369,413	20,564,368	18,877,117
Program Expenses						
Instruction	11,106,463	10,493,543	0	0	11,106,463	10,493,543
<i>Support Services:</i>						
Pupils and Instructional Staff	2,050,763	2,024,619	0	0	2,050,763	2,024,619
Board of Education, Administration, Fiscal and Business	2,024,580	1,964,968	0	0	2,024,580	1,964,968
Operation and Maintenance of Plant	1,918,229	1,520,290	0	0	1,918,229	1,520,290
Pupil Transportation	1,583,053	1,102,271	0	0	1,583,053	1,102,271
Central	358,554	316,653	0	0	358,554	316,653
Operation of Non-Instructional	79	9,168	0	0	79	9,168
Extracurricular Activities	401,616	538,250	0	0	401,616	538,250
Capital Outlay	23,880	0	0	0	23,880	0
Food Service	0	0	881,704	871,768	881,704	871,768
Rainbow Child Care	0	0	602,882	575,897	602,882	575,897
Total Expenses	19,467,217	17,969,762	1,484,586	1,447,665	20,951,803	19,417,427
Transfers	(212)	(5,000)	0	5,000	(212)	0
Decrease in Net Assets	\$ (270,330)	\$ (467,058)	\$ (117,317)	\$ (73,252)	\$ (387,647)	\$ (540,310)

The vast majority of revenue supporting governmental activities is general revenue (property taxes and grants). General revenue increased from \$16,016,956 million in 2002 to \$17,516,024 million in 2003 which reflects a decrease in the property tax revenue but an increase in intergovernmental revenue.

River View Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

Governmental Activities

Several revenue sources fund our governmental activities with property taxes and grants being the largest contributors. The last increase in property tax levies by the citizens of the School District was in 1995. Property tax levies generated \$ 7,672,067 in 2003. 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 57 percent of governmental program expenses. The School District increased salaries and benefits during fiscal year 2003.

(Table 3)
Governmental Activities

	2003		2002	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 11,106,463	\$ 10,211,935	\$ 10,493,543	\$ 9,894,886
Support Services:				
Pupil and Instructional Staff	2,050,763	1,609,918	2,024,619	1,514,622
Board of Education, Administration and Fiscal	2,024,580	1,922,281	1,964,968	1,846,157
Operation and Maintenance of Plant	1,918,229	1,911,110	1,520,290	1,514,229
Pupil Transportation	1,583,053	1,582,359	1,102,271	999,628
Central	358,554	279,453	316,653	286,283
Operation of Non-Instructional	79	79	9,168	7,071
Capital Outlay	23,880	23,880	0	0
Extracurricular Activities	401,616	279,111	538,250	416,138
Total Expenses	<u>\$ 19,467,217</u>	<u>\$ 17,820,126</u>	<u>\$ 17,969,762</u>	<u>\$ 16,479,014</u>

Business-Type Activities

Business-type activities include the food service and Rainbow Child Care operations. These programs had revenues of \$1,367,214 and expenses of \$1,484,586 for fiscal year 2003. 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. Efforts to maintain net assets were made in fiscal year 2003; the School District made menu changes that attempted to decrease expenses in the food service fund. In addition, the Rainbow Child Care Center made changes to its tuition plan that added revenue; however, the personnel costs and benefits in these two programs continue to rise.

River View Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

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 \$19,176,880 and expenditures of \$19,426,781. The General Fund balance decreased \$386,180. The Food Service Fund and Rainbow Child Care Fund balances decreased \$49,787 and \$67,530 respectively. These decreases indicate the School District's current revenue base did not provide for the School District's current obligations. The Permanent Improvement Fund balance increased \$190,221 due to increased property tax revenue and decreased spending by the School District. The School District understands that it needs to continue to monitor expenditures to ensure that the School District's 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 2003, the School District amended the general fund budget monthly. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management

For the general fund, budget basis revenue was \$16,801,986 under the original budget estimates of \$18,056,040. Of this \$1,254,054 shortfall, most was attributable to decreased property tax collections due to deregulation and changes in intergovernmental revenue. Both of these reasons can be attributed to changes in laws.

The original appropriations of \$16,944,103 were increased to \$18,347,560. Actual expenditures, however, were only \$17,195,991 or \$976,569 less than anticipated due to conservative spending near year-end. Final appropriations of \$18,172,560 were higher than the \$16,944,103 in the original budget due to the increase in liability/property/fleet insurance and purchased services that proved to be higher than anticipated. Property/liability/fleet insurance saw significant increases in response to the events of September 11, 2001.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2003, the School District had \$4,873,718 invested in land, buildings and improvements, furniture and equipment and vehicles, \$4,807,928 in governmental activities. Table 4 reflects fiscal year 2003 balances compared to 2002. See Note 7 for additional information.

River View Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

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

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$ 478,659	\$ 478,659	\$ 0	\$ 0	\$ 478,659	\$ 478,659
Buildings and Improvements	2,702,587	2,824,655	0	0	2,702,587	2,824,655
Furniture and Equipment	854,145	883,213	65,790	70,346	919,935	953,559
Vehicles	772,537	715,944	0	0	772,537	715,944
Textbooks	0	0	0	0	0	0
Totals	\$ 4,807,928	\$ 4,902,471	\$ 65,790	\$ 70,346	\$ 4,873,718	\$ 4,972,817

The \$99,099 decrease in total capital assets was attributable to depreciation expense exceeding additional purchases and to disposals.

A change in Ohio law required school districts to set aside 3% of certain revenues for capital improvements and an additional 3% for textbooks. For fiscal year 2003, this amounted to \$360,519 for each set aside. The School District has qualifying disbursements exceeding these requirements for capital improvements and textbooks.

Current Financial Related Activities

River View Local School District remains strong financially at June 30, 2003; however, the five-year forecast projects deficit spending by fiscal year 2005. As the preceding information shows, the School District relies heavily on its local property taxpayers. The last operating levy renewed by the residents of the district was in 2001. The Board of Education anticipates submitting a new operating levy to the residents of the district in 2004.

Real estate and personal property tax collections have shown decreases due to deregulation of public utilities and HB283. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Property taxes made up 40% of revenues for governmental activities for the River View Local School District in fiscal year 2003.

River View Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

The School District has also been affected by changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. Managing and monitoring the finances of the School District has become increasingly more difficult with mandates in gifted education, rising utility costs, increased special education services required for our students, and significant increases in health insurance and property/liability/fleet insurance.

From a State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March, 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". 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 is unconstitutional. The Federal Supreme Court relinquished jurisdiction over the case and directed "the Ohio General Assembly to enact a school funding scheme that is "thorough and efficient." The School District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

The River View Local School District does not anticipate any meaningful growth in State revenue. The concern is that, to meet the requirements of the Court and the requirements of No Child Left Behind Act, the Federal and State mandates may require redistribution of state funding based upon each district's property wealth. This could have a significant impact on the School District. How the legislature plans to fund education programs during a weakened economy remains a concern.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, the School District's systems of budgeting and internal controls are well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 any 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 rv_lee@omeres.net.

River View Local School District
Statement of Net Assets
June 30, 2003

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 4,068,915	\$ 74,341	\$ 4,143,256
Cash and Cash Equivalents:			
Receivables:			
Taxes	6,935,135	0	6,935,135
Accounts	2,752	14,198	16,950
Internal Balances	130,000	(130,000)	0
Intergovernmental	244,420	13,277	257,697
Prepaid Items	27,125	866	27,991
Inventory Held For Resale	0	8,340	8,340
Inventory	164,267	2,766	167,033
Nondepreciable Capital Assets	478,659	0	478,659
Depreciable Capital Assets (Net)	4,329,269	65,790	4,395,059
<i>Total Assets</i>	<u>16,380,542</u>	<u>49,578</u>	<u>16,430,120</u>
Liabilities			
Accounts Payable	66,158	10,603	76,761
Contracts Payable	6,712	0	6,712
Accrued Wages and Benefits	1,795,803	85,218	1,881,021
Vacation Payable	45,992	11,925	57,917
Intergovernmental Payable	458,860	68,529	527,389
Due to Other Governments	312,350	0	312,350
Deferred Revenue	6,449,604	0	6,449,604
Claims Payable	205,822	0	205,822
Long Term Liabilities:			
Due Within One Year	101,522	18,787	120,309
Due Within More Than One Year	824,802	0	824,802
<i>Total Liabilities</i>	<u>10,267,625</u>	<u>195,062</u>	<u>10,462,687</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	4,775,916	65,790	4,841,706
Restricted for:			
Capital Projects	1,058,425	0	1,058,425
Other Purposes	110,731	0	110,731
Unrestricted	167,845	(211,274)	(43,429)
<i>Total Net Assets</i>	<u>\$ 6,112,917</u>	<u>\$ (145,484)</u>	<u>\$ 5,967,433</u>

See accompanying notes to the basic financial statements.

River View Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2003

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities			
Current:			
Instruction:			
Regular	\$ 8,541,115	\$ 383,135	\$ 48,922
Special	2,059,995	46,135	416,336
Vocational	505,353	0	0
Support services:			
Pupils	831,014	10,053	90,719
Instructional staff	1,219,749	33,925	306,148
Board of education	49,618	0	0
Administration	1,404,497	9,767	88,144
Fiscal	570,465	438	3,950
Operation and maintenance of plant	1,918,229	710	6,409
Pupil transportation	1,583,053	69	625
Central	358,554	7,891	71,210
Operation of non-instructional services	79	0	0
Extracurricular activities	401,616	12,221	110,284
Capital outlay	23,880	0	0
<i>Total Governmental Activities</i>	<u>19,467,217</u>	<u>504,344</u>	<u>1,142,747</u>
Business-Type Activities			
Food Service	881,704	532,540	299,322
Rainbow Child Care	602,882	321,922	213,430
<i>Total Business-Type Activities</i>	<u>1,484,586</u>	<u>854,462</u>	<u>512,752</u>
<i>Totals</i>	<u>\$ 20,951,803</u>	<u>\$ 1,358,806</u>	<u>\$ 1,655,499</u>

General Revenues

Property Taxes Levied for:
 General Purposes
 Capital Outlay

Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Miscellaneous
Gain on Sale of Capital Assets

Total General Revenues

Net Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (8,109,058)	\$ 0	\$ (8,109,058)
(1,597,524)	0	(1,597,524)
(505,353)	0	(505,353)
(730,242)	0	(730,242)
(879,676)	0	(879,676)
(49,618)	0	(49,618)
(1,306,586)	0	(1,306,586)
(566,077)	0	(566,077)
(1,911,110)	0	(1,911,110)
(1,582,359)	0	(1,582,359)
(279,453)	0	(279,453)
(79)	0	(79)
(279,111)	0	(279,111)
(23,880)	0	(23,880)
<u>(17,820,126)</u>	<u>0</u>	<u>(17,820,126)</u>
0	(49,842)	(49,842)
<u>0</u>	<u>(67,530)</u>	<u>(67,530)</u>
<u>0</u>	<u>(117,372)</u>	<u>(117,372)</u>
<u>(17,820,126)</u>	<u>(117,372)</u>	<u>(17,937,498)</u>
7,198,546	0	7,198,546
473,521	0	473,521
9,587,625	0	9,587,625
62,125	55	62,180
218,746	0	218,746
9,445	0	9,445
<u>17,550,008</u>	<u>55</u>	<u>17,550,063</u>
(212)	0	(212)
(270,330)	(117,317)	(387,647)
<u>6,383,247</u>	<u>(28,167)</u>	<u>6,355,080</u>
<u>\$ 6,112,917</u>	<u>\$ (145,484)</u>	<u>\$ 5,967,433</u>

River View Local School District

*Balance Sheet
Governmental Funds
June 30, 2003*

	General	Permanent Improvement Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,695,138	\$1,049,623	\$141,443	\$3,886,204
Cash and Cash Equivalents:				
Restricted Cash	182,711	0	0	182,711
Receivables:				
Taxes	6,515,310	419,825	0	6,935,135
Accounts	846	0	684	1,530
Interfund	194,051	0	0	194,051
Intergovernmental	37,875	0	206,545	244,420
Prepaid Items	27,125	0	0	27,125
Inventory	149,426	0	14,841	164,267
Interfund to Other Funds	105,000	0	0	105,000
Total Assets	\$9,907,482	\$1,469,448	\$363,513	\$11,740,443
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$37,190	\$15,892	\$13,076	\$66,158
Contracts Payable	-	6,712	0	6,712
Accrued Wages and Benefits	1,687,523	0	108,280	1,795,803
Vacation Payable	45,933	0	59	45,992
Intergovernmental Payable	279,775	0	15,722	295,497
Deferred Revenue	6,368,552	410,365	90,378	6,869,295
Total Liabilities	8,418,973	432,969	227,515	9,079,457
Fund Balances				
Reserved for Encumbrances	247,125	44,675	34,898	326,698
Reserved for Bus Purchase Allowance	102,360	0	0	102,360
Reserved for Tax Revenue Unavailable for Appropriation	146,758	9,460	0	156,218
Reserved for Budget Stabilization	80,351	0	0	80,351
Undesignated, Unreserved Reported in:				
General Fund	911,915	0	0	911,915
Special Revenue Funds	0	0	97,169	97,169
Capital Projects Funds	0	982,344	3,931	986,275
Total Fund Balances	1,488,509	1,036,479	135,998	2,660,986
Total Liabilities and Fund Balances	\$9,907,482	\$1,469,448	\$363,513	\$11,740,443

See accompanying notes to the basic financial statements.

River View Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets Governmental Activities*
 June 30, 2003

Total Governmental Fund Balances	\$	2,660,986
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		4,807,928
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Grants	90,378	
Delinquent Property Taxes	329,313	419,691
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.		(686,001)
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.		(163,363)
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds:		
Compensated Absences	(894,312)	
Capital Leases Payable	(32,012)	(926,324)
Net Assets of Governmental Activities	\$	6,112,917

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, 2003

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 7,124,767	\$ 459,146	\$ 0	\$ 7,583,913
Intergovernmental	9,346,886	197,383	1,206,594	10,750,863
Investment income	62,125	0	0	62,125
Tuition and fees	377,714	0	2,604	380,318
Extracurricular activities	0	0	105,245	105,245
Charges for services	0	0	18,782	18,782
Miscellaneous	136,294	12,167	70,285	218,746
<i>Total Revenues</i>	17,047,786	668,696	1,403,510	19,119,992
Expenditures:				
Current:				
Instruction:				
Regular	8,426,860	18,952	84,524	8,530,336
Special	1,611,415	0	484,663	2,096,078
Vocational	470,551	0	0	470,551
Support services:				
Pupils	706,234	2,037	113,702	821,973
Instructional staff	781,812	990	384,515	1,167,317
Board of education	49,435	0	0	49,435
Administration	1,299,457	3,668	110,670	1,413,795
Fiscal	569,405	13,248	5,077	587,730
Operation and maintenance of plant	1,548,102	224,501	7,994	1,780,597
Pupil transportation	1,510,619	132,086	778	1,643,483
Central	188,825	91,125	132,145	412,095
Extracurricular activities	275,648	0	138,220	413,868
Capital outlay	0	23,880	0	23,880
Debt service:				
Principal retirement	0	10,595	0	10,595
<i>Total Expenditures</i>	17,438,363	521,082	1,462,288	19,421,733
<i>Excess of Revenues Over (Under) Expenditures</i>	(390,577)	147,614	(58,778)	(301,741)
Other Financing Sources (Uses):				
Inception of capital lease	0	42,607	0	42,607
Proceeds from sales of capital assets	9,445	0	0	9,445
Transfers in	0	0	4,836	4,836
Transfers out	(5,048)	0	0	(5,048)
<i>Total Financing Sources and (Uses)</i>	4,397	42,607	4,836	51,840
<i>Net Change in Fund Balance</i>	(386,180)	190,221	(53,942)	(249,901)
<i>Fund balance at beginning of year</i>	1,874,689	846,258	189,940	2,910,887
<i>Fund balance at end of year</i>	\$ 1,488,509	\$ 1,036,479	\$ 135,998	\$ 2,660,986

See accompanying notes to the basic financial statements.

River View Local School District
Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2003

Net Change in Fund Balances - Total Governmental Funds	\$	(249,901)
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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.

Capital Asset Additions	\$ 555,735	
Current Year Depreciation	<u>(611,360)</u>	(55,625)

Net effect of transactions involving sale of capital assets are not reflected in the funds		(32,134)
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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

Grants	(20,490)	
Delinquent Property Taxes	<u>88,154</u>	67,664

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Capital Leases		10,595
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Proceeds of capital lease transactions are recorded as revenues in the funds, however, on the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.

		(42,607)
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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	328,097	
Pension Obligation	<u>(33,769)</u>	294,328

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 internal service funds is reported with governmental activities.

		<u>(262,650)</u>
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Change in Net Assets of Governmental Activities	\$	<u><u>(270,330)</u></u>
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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, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 7,740,944	\$ 7,359,249	\$ 7,075,509	\$ (283,740)
Intergovernmental	9,703,836	9,127,272	9,316,447	189,175
Investment Income	64,667	93,067	62,077	(30,990)
Tuition and Fees	393,370	64,145	377,614	313,469
Contributions and Donations	1,407	1,350	1,350	0
Miscellaneous	142,371	147,458	136,669	(10,789)
<i>Total Revenues</i>	<u>18,046,595</u>	<u>16,792,541</u>	<u>16,969,666</u>	<u>177,125</u>
Expenditures:				
Current				
Instruction	10,312,455	10,603,448	10,258,553	344,895
Support Services				
Pupils	698,711	757,080	694,955	62,125
Instructional Staff	785,594	886,589	796,900	89,689
Board of Education	62,052	72,631	46,955	25,676
Administration	1,256,016	1,354,034	1,282,351	71,683
Fiscal	587,496	631,903	591,481	40,422
Business	35,716	35,716	1,053	34,663
Operation and Maintenance of Plant	1,504,714	1,680,497	1,574,640	105,857
Pupil Transportation	1,230,191	1,567,988	1,471,883	96,105
Central	196,357	231,962	191,817	40,145
Operation of Non-Instructional Services	40	6,739	6,699	40
Extracurricular Activities	236,969	310,101	273,656	36,445
Capital Outlay	3,033	3,033	0	3,033
<i>Total Expenditures</i>	<u>16,909,344</u>	<u>18,141,721</u>	<u>17,190,943</u>	<u>950,778</u>
Excess of Revenues Over (Under) Expenditures	1,137,251	(1,349,180)	(221,277)	1,127,903
Other Financing Sources (Uses):				
Proceeds from Sale of Assets	9,445	9,445	9,445	0
Other Financing Uses	(3,959)	(39)	0	39
Advances In	22,000	22,000	22,000	0
Advances Out	(69,600)	(175,000)	(175,000)	0
Transfers Out	(30,800)	(30,800)	(5,048)	25,752
<i>Total Other Financing Sources (Uses)</i>	<u>(72,914)</u>	<u>(174,394)</u>	<u>(148,603)</u>	<u>25,791</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	1,064,337	(1,523,574)	(369,880)	1,153,694
<i>Fund Balance at Beginning of Year</i>	2,638,778	2,638,778	2,638,778	0
Prior Year Encumbrances Appropriated	374,789	374,789	374,789	0
<i>Fund Balance at End of Year</i>	<u>\$ 4,077,904</u>	<u>\$ 1,489,993</u>	<u>\$ 2,643,687</u>	<u>\$ 1,153,694</u>

See accompanying notes to the basic financial statements.

River View Local School District
Statement of Net Assets
Proprietary Funds
June 30, 2003

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities Internal Service Fund
	Food Service	Rainbow Child Care	Total	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 43,422	\$ 30,919	\$ 74,341	\$ 0
Receivables:				
Accounts	0	14,198	14,198	1,222
Intergovernmental Receivable	0	13,277	13,277	0
Prepaid Items	820	46	866	0
Inventory Held For Resale	8,340	0	8,340	0
Inventory	1,394	1,372	2,766	0
Depreciable Capital Assets (Net)	33,057	32,733	65,790	0
<i>Total Assets</i>	<u>87,033</u>	<u>92,545</u>	<u>179,578</u>	<u>1,222</u>
Liabilities				
Accounts Payable	2,302	8,301	10,603	0
Accrued Wages and Benefits	58,601	26,617	85,218	0
Vacation Payable	570	11,355	11,925	0
Interfund From Other Funds	0	105,000	105,000	0
Interfund Payable	25,000	0	25,000	169,051
Intergovernmental Payable	27,032	41,497	68,529	312,350
Claims Payable	0	0	0	205,822
<i>Total Current Liabilities</i>	<u>113,505</u>	<u>192,770</u>	<u>306,275</u>	<u>687,223</u>
Long Term Liabilities				
Compensated Absences	<u>18,787</u>	<u>0</u>	<u>18,787</u>	<u>0</u>
<i>Total Liabilities</i>	<u>132,292</u>	<u>192,770</u>	<u>325,062</u>	<u>687,223</u>
Net Assets				
Invested in Capital Assets	33,057	32,733	65,790	0
Unrestricted	<u>(78,316)</u>	<u>(132,958)</u>	<u>(211,274)</u>	<u>(686,001)</u>
<i>Total Net Assets</i>	<u>\$ (45,259)</u>	<u>\$ (100,225)</u>	<u>\$ (145,484)</u>	<u>\$ (686,001)</u>

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, 2003

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Food Service	Rainbow Child Care	Total	
Operating Revenues:				
Tuition	\$ 0	\$ 321,922	\$ 321,922	\$ 0
Sales	532,540	0	532,540	0
Charges for services	0	0	0	2,251,320
<i>Total Operating Revenues</i>	<u>532,540</u>	<u>321,922</u>	<u>854,462</u>	<u>2,251,320</u>
Operating Expenses:				
Salaries	237,447	357,886	595,333	0
Fringe benefits	192,561	118,677	311,238	0
Purchased services	5,422	45,546	50,968	575,332
Materials and supplies	443,404	76,312	519,716	0
Depreciation	2,870	4,363	7,233	0
Claims	0	0	0	1,938,638
<i>Total Operating Expenses</i>	<u>881,704</u>	<u>602,784</u>	<u>1,484,488</u>	<u>2,513,970</u>
Operating income (loss)	<u>(349,164)</u>	<u>(280,862)</u>	<u>(630,026)</u>	<u>(262,650)</u>
Non-Operating Revenues (Expenses):				
Federal donated commodities	51,084	0	51,084	0
Grants	248,238	213,430	461,668	0
Interest	55	0	55	0
Loss on disposal of capital assets	0	(98)	(98)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>299,377</u>	<u>213,332</u>	<u>512,709</u>	<u>0</u>
<i>Change in Net Assets</i>	<u>(49,787)</u>	<u>(67,530)</u>	<u>(117,317)</u>	<u>(262,650)</u>
<i>Net Assets (Deficit) Beginning of Year</i>	<u>4,528</u>	<u>(32,695)</u>	<u>(28,167)</u>	<u>(423,351)</u>
<i>Net Assets (Deficit) End of Year</i>	<u>\$ (45,259)</u>	<u>\$ (100,225)</u>	<u>\$ (145,484)</u>	<u>\$ (686,001)</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, 2003

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Fund
	Food Service	Rainbow Child Care	Total	
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 532,540	\$ 0	\$ 532,540	\$ 0
Cash Received from Tuition Payments	0	302,281	302,281	0
Cash Received from Interfund Transactions	0	0	0	2,344,211
Cash Paid for Goods and Services	(390,653)	(121,038)	(511,691)	(575,332)
Cash Paid to Employees	(402,709)	(459,613)	(862,322)	0
Cash Paid for Claims	0	0	0	(2,009,579)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(260,822)</u>	<u>(278,370)</u>	<u>(539,192)</u>	<u>(240,700)</u>
Cash Flows From Non-Capital Financing Activities:				
Interfund from Other Funds	25,000	30,000	55,000	169,051
Grants Received	248,238	213,430	461,668	0
<i>Net Cash Provided By (Used For) Non-Capital Activities</i>	<u>273,238</u>	<u>243,430</u>	<u>516,668</u>	<u>169,051</u>
Cash Flows From Investing Activities:				
Interest on Investments	103	0	103	0
<i>Net Cash Provided By (Used For) Investing Activities</i>	<u>103</u>	<u>0</u>	<u>103</u>	<u>0</u>
Cash Flows From Capital and Related Activities:				
Payment for Capital Acquisitions	0	(2,775)	(2,775)	0
<i>Net Cash Provided By (Used For) Capital and Related Financing Activities</i>	<u>0</u>	<u>(2,775)</u>	<u>(2,775)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	12,519	(37,715)	(25,196)	(71,649)
<i>Cash and Cash Equivalents at Beginning of Year</i>	30,903	68,634	99,537	71,649
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 43,422</u>	<u>\$ 30,919</u>	<u>\$ 74,341</u>	<u>\$ 0</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:				
Operating Income (Loss)	\$ (349,164)	\$ (279,012)	\$ (628,176)	\$ (262,650)
Adjustments:				
Depreciation	2,870	2,513	5,383	0
Federal Donated Commodities	51,084	0	51,084	0
(Increase) Decrease Assets				
Accounts Receivable	0	(11,063)	(11,063)	(1,222)
Intergovernmental Receivable	0	(8,578)	(8,578)	0
Prepaid Items	(820)	(46)	(866)	0
Inventory	5,695	2,169	7,864	0
Increase (Decrease) in Liabilities				
Accounts Payable	2,214	(1,303)	911	0
Accrued Wages and Benefits	27,035	8,832	35,867	0
Compensated Absences Payable	(531)	(2,279)	(2,810)	0
Due to Other Governments	795	10,397	11,192	312,350
Claims Payable	0	0	0	(289,178)
<i>Total Adjustments</i>	<u>88,342</u>	<u>642</u>	<u>88,984</u>	<u>21,950</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ (260,822)</u>	<u>\$ (278,370)</u>	<u>\$ (539,192)</u>	<u>\$ (240,700)</u>

See accompanying notes to the basic financial statements.

River View Local School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2003

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 23,508	\$ 53,597
Accounts Receivable	0	128
<i>Total Assets</i>	23,508	53,725
 Liabilities		
Due to Students	\$ 0	\$ 53,725
 Net Assets		
Held in Trust for Scholarships	\$ 23,508	

See accompanying notes to the basic financial statements.

River View Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
June 30, 2003

	Private Purpose Trust
	Scholarship
Additions	
Interest	\$ 2,605
Deductions	
Scholarships Awarded	(1,820)
<i>Change in Net Assets</i>	785
<i>Net Assets Beginning of Year</i>	22,723
<i>Net Assets End of Year</i>	\$ 23,508

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, 2003

NOTE 1 - NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE 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 136 non-certificated, 190 certificated teaching personnel and 15 administrators, who provide services to community members, preschool children and 2,599 students.

Reporting Entity

The reporting entity is required to be 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 the 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 provides 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 does not have any component units.

The School District participates in two jointly governed organizations and one claims servicing pool. These organizations are the Ohio Mid-Eastern Regional Educational Service Agency, Coshocton County Joint Vocational School District, and the Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan. These organizations are presented in Notes 16 and 17 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applied to local 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 its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The School District also has the option to apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The School District has elected not to apply these FASB Statements and Interpretations. The School District's significant accounting policies are described below.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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 year-end. The statement of activities present 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 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:

River View Local School District
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For the Fiscal Year Ended June 30, 2003

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.

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 presents increases, (i.e. revenues) and decreases (i.e. expenses) in total net assets.

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

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 sixty days of the fiscal year-end.

Non-exchange 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 6.) 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 fiscal 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 non-exchange transactions must also be available before it can be recognized.

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

River View Local School District
Notes to the Basic Financial Statements
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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, 2003, but which were levied to finance fiscal year 2004 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.

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 fund level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the 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.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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 financial statements.

During fiscal year 2003, 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, 2003.

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 2003 amounted to \$62,125, which includes \$18,238 assigned from other School District funds.

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. 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 the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts required by statute to be set-aside for the purchase of textbooks and other instructional materials, school bus purchase allowance, and to create a reserve for budget stabilization. See Note 18 for additional information regarding set-asides.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2003, 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.

River View Local School District
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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 capital assets are recorded at their fair market values as of the date donated. The School District maintains a capitalization threshold of five hundred dollars. 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 assets or materially extend an asset's life are not.

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:

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

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 columns of the statement of net assets, except for the net residual amounts 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.

River View Local School District
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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 fiscal year.

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.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual 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 – ACCOUNTABILITY AND COMPLIANCE

The following funds had deficit fund balances/net assets as of June 30, 2003:

<i>Special Revenue Funds:</i>	
Schoolnet Professional Grant	\$ 7
Public Preschool Grant	3,926
Title VI-B	428
Ohio Reads Grant	3,865
<i>Enterprise Funds:</i>	
Food Service Fund	45,259
Rainbow Child Care Fund	98,375
<i>Internal Service Funds:</i>	
Self-Insurance Internal Service Fund	686,001

River View Local School District
Notes to the Basic Financial Statements
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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 Food Service and Rainbow Child Care Enterprise Funds 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.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balance/retained earnings 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, is presented for the general fund on the budgetary basis to provide meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

- 1) Revenues and other sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- 2) Expenditures/expenses and other uses 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).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

<u>Net Change in Fund Balance</u>	
	<u>General</u>
GAAP Basis	\$ (386,180)
Net adjustment for revenue accruals	(78,120)
Advance in	22,000
Advance out	(175,000)
Net adjustment for expenditure accruals	530,633
Adjustment for encumbrances	(283,213)
Budget Basis	\$ (369,880)

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

- 1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- 2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 3) Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days;
- 4) Bonds and any 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; and

River View Local School District
Notes to the Basic Financial Statements
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- 6) The State Treasurer's Investment Pool (STAR Ohio).
- 7) Certain bankers acceptances and commercial paper notes for a period not to exceed 180 days from the purchase date in any amount not to exceed 25% of the interim monies available for investment at any one time; and
- 8) Under limited circumstances, corporate debt interests noted 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 5 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, 2003, the School District's Self-Insurance Internal Service Fund had a cash balance of \$(169,051) with OME-RESA, a claims servicing pool (See Note 18). 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, OH 43952.

Deposits - At year-end, the carrying amount of the School District's deposits was \$3,920,004, and the bank balance was \$4,220,361. Of the bank balance:

1. \$300,000 was covered by federal depository insurance.
2. \$3,920,361 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money has been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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
STAROhio	0	469,408	469,408
Total	\$ 0	\$ 469,408	\$ 469,408

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

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 4,220,361	\$ 0
Cash held by Fiscal Agent	169,051	0
Investments which are part of a Cash Management Pool		
STAROhio	(469,408)	469,408
GASB Statement No. 3	\$ 3,920,004	\$ 469,408

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. 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.

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 year 2003 for real and public utility property taxes represent collections of calendar year 2002 taxes. Property tax payments received during calendar year 2003 for tangible personal property (other than public utility property) is for calendar year 2003 taxes.

River View Local School District
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2003 real property taxes are levied after April 1, 2003 on the assessed value as of January 1, 2003, 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. 2003 public utility property taxes became a lien December 31, 2002, are levied after April 1, 2003, and are collected in 2003 with real property taxes.

2003 tangible personal property taxes are levied after April 1, 2003 on the values as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2003 taxes were collected are:

	2002 Second-Half Collections		2003 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 180,067,400	59%	\$ 180,067,400	59%
Public Utility Personal	78,612,380	26%	78,879,700	26%
Tangible Personal Property	43,950,044	15%	43,960,798	15%
Total Assessed Value	\$ 302,629,824	100%	\$ 302,907,898	100%
 Tax rate per \$1,000 of assessed value	 \$ 31.30		 \$ 31.30	

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain 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 semi-annually. If paid annually, payment is due April 30, if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. 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 Counties by June 30, 2003 are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, personal property and public utility taxes which are measurable as of June 30, 2003 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.

River View Local School District
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For the Fiscal Year Ended June 30, 2003

The amount available to the School District as an advance at June 30 is recognized as revenue. At June 30, 2003, \$146,758 was available as an advance to the general fund and \$9,460 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 7 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2003 was as follows:

	Balance 6/30/2002	Additions	Reductions	Balance 6/30/2003
Governmental Activities:				
<i>Nondepreciable Capital Assets:</i>				
Land	\$ 478,659	\$ 0	\$ 0	\$ 478,659
 <i>Depreciable Capital Assets:</i>				
Building and improvements	9,053,744	47,516	0	9,101,260
Furniture and equipment	2,757,010	191,194	(75,906)	2,872,298
Vehicles	2,209,665	317,025	(238,889)	2,287,801
<i>Total capital assets, being depreciated</i>	14,020,419	555,735	(314,795)	14,261,359
Less accumulated depreciation:				
Building and improvements	(6,229,089)	(169,584)	0	(6,398,673)
Furniture and equipment	(1,873,797)	(205,233)	60,877	(2,018,153)
Vehicles	(1,493,721)	(236,543)	215,000	(1,515,264)
Total accumulated depreciation	(9,596,607)	(611,360)	275,877	(9,932,090)
<i>Total capital assets being depreciated, net</i>	4,423,812	(55,625)	(38,918)	4,329,269
<i>Governmental activities capital assets, net</i>	<u>\$ 4,902,471</u>	<u>\$ (55,625)</u>	<u>\$ (38,918)</u>	<u>\$ 4,807,928</u>
 Business-Type Activities				
Furniture and equipment	\$ 281,712	\$ 2,775	\$ (983)	\$ 283,504
Less accumulated depreciation	(211,366)	(7,233)	885	(217,714)
<i>Business-Type Activities Capital Assets, net</i>	<u>\$ 70,346</u>	<u>\$ (4,458)</u>	<u>\$ (98)</u>	<u>\$ 65,790</u>

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 108,346
Special	3,447
Vocational	2,663
Support Services:	
Pupils	6,950
Instructional Staff	12,952
Administration	14,017
Fiscal	2,454
Operation and Maintenance of Plant	173,425
Pupil Transportation	244,327
Central	38,677
Operation of Non-Instructional Services	79
Extracurricular Activities	4,023
	<hr/>
Total Depreciation Expense	<u><u>\$ 611,360</u></u>

NOTE 8 - RECEIVABLES

Receivables at June 30, 2003 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 the 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	\$ 114,515
Innovative Programs	10,681
IDEA	31,351
Title IV	4,573
Early Childhood Special Education	5,046
Title II-A	22,174
Title II-D-Technology	3,719
Wildlife Area Land Use - General Fund	37,875
E-rate	14,486
	<hr/>
Total	<u><u>\$ 244,420</u></u>

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 9 – INTERFUND BALANCES

As of June 30, 2003, receivables and payables that resulted from cash advances from the General Fund to other funds were as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 194,051	\$ 0	\$ 130,000	\$ 0
Food Service	0	25,000	0	25,000
Internal Service	0	169,051	0	0
Rainbow Child Care	0	0	0	105,000
Totals	<u>\$ 194,051</u>	<u>\$ 194,051</u>	<u>\$ 130,000</u>	<u>\$ 130,000</u>

The primary purpose of the interfund balances is to eliminate negative fund balances.

NOTE 10 – INTERFUND TRANSFERS

During fiscal year 2003 the general fund made transfers of \$4,836 to the athletic district managed special revenue fund and \$212 to the agency fund. These transfers were made to move unrestricted balances to support programs and projects accounted for in other funds.

NOTE 11 – 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 2003, the School District contracted with Ohio School Insurance Program for commercial and business insurance coverage.

Commercial property liability insurance carries a blanket limit of \$49,405,979 with a \$1,000 deductible. Business auto coverage provides a \$2,000,000 combined single limit liability and a \$500 deductible for collision and comprehensive.

During fiscal year 2003, the School District joined together with other school districts in Ohio to participate in the Ohio School Insurance Program (OSIP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSIP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects.

Professional and general liability are covered through the Ohio School Insurance Program with a \$2,000,000 per occurrence limit, a \$4,000,000 per year aggregate with a \$1,000 deductible.

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.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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 \$58.88 family and \$23.74 single premium, a medical plan with a \$514.26 family and \$229.17 single premium, and a prescription plan with a \$10 generic and \$20 name brand prescription premium. The monthly premium coverage for this plan is \$168.72 family and \$69.74 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 \$205,822 reported in the internal service fund at June 30, 2003 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. Charges in the fund's claims liability amount for 2002 and 2003 were:

	<u>Balance at Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>Balance at End of Year</u>
2002	\$ <u>460,807</u>	\$ <u>2,376,697</u>	\$ <u>2,342,504</u>	\$ <u>495,000</u>
2003	\$ <u>495,000</u>	\$ <u>1,720,401</u>	\$ <u>2,009,579</u>	\$ <u>205,822</u>

NOTE 12 – 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:

- 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

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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 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, 2003, there is a retirement incentive liability for the School District in the amount of \$40,000.

NOTE 13 – 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 State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. 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% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with remainder being used to fund health care benefits; for fiscal year 2003, 8.17% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46% was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's contributions for obligations to SERS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$170,258, \$152,142, and \$108,760, respectively; 44.76% has been contributed for fiscal year 2003 and 100% for fiscal years 2002 and 2001. \$94,051, represents the unpaid contribution for fiscal year 2003. 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, 2003

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, OH 43215-3371.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3% of their annual covered salaries. The School District was required to contribute 14%; 13% 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% for members and 14% for employers. The School District's required contributions for obligations to STRS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$790,598, \$721,786 and \$684,981, respectively; 77% has been contributed for fiscal year 2003 and 100% for fiscal years 2002 and 2001. \$185,348, represents the unpaid contribution for fiscal year 2003. 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 System/State Teachers Retirement System. As of June 30, 2003, all members of the Board of Education have elected social security. The Board's liability is 6.2% of wages paid.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 14 - 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 obligation to contribute are established by the Systems 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 the 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% of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$56,472 for fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002 (the latest information available), the balance in the fund was \$3.011 billion. For the year ended June 30, 2002 (the latest information available), net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 years or more fiscal years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 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% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83% of covered payroll, an decrease from 8.45% for fiscal year 2002. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2003, the minimum pay was established at \$14,500. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$70,900.

The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for the maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150% of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2002 (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 15 - GENERAL LONG-TERM OBLIGATIONS

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

	<u>Outstanding 6/30/2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 6/30/2003</u>	<u>Due in One Year</u>
Governmental Activities:					
Compensated Absences payable	\$ 1,222,409	\$ 0	\$ (328,097)	\$ 894,312	\$ 94,136
Capital lease	<u>0</u>	<u>42,607</u>	<u>(10,595)</u>	<u>32,012</u>	<u>7,386</u>
	<u>\$ 1,222,409</u>	<u>\$ 42,607</u>	<u>\$ (338,692)</u>	<u>\$ 926,324</u>	<u>\$ 101,522</u>
Business Type Activities:					
Compensated Absences	<u>\$ 33,522</u>	<u>\$ 0</u>	<u>\$ (14,735)</u>	<u>\$ 18,787</u>	<u>\$ 0</u>

The compensated absences will be paid from the general fund, Title VI-B and Title I grant special revenue funds and the food service enterprise fund.

NOTE 16 – CAPITAL LEASE

During fiscal year 2003, the School District entered into a new lease for the acquisition of a tractor. This lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

The asset acquired by the lease has been capitalized in the amount of \$42,607, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2003:

<u>Fiscal Year Ending June 30,</u>	<u>Long-Term Obligations</u>
2004	\$ 9,107
2005	9,107
2006	9,107
2007	<u>9,107</u>
Total minimum lease payments	36,428
Less: amount representing interest	<u>(4,416)</u>
Present value of minimum lease payments	<u>\$ 32,012</u>

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 17 - RELATED ORGANIZATIONS

A. Ohio Mid-Eastern Regional Education Association (OME-RESA)

The Ohio Mid Eastern Regional Educational Service Agency (OME-RESA) is jointly governed organization created as a regional council of governments pursuant to State statues. 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. OME-RESA has no outstanding debt. The River View Local School District paid \$89,359 to OME-RESA during fiscal year 2003 for services. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Steubenville, OH 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 \$902 to Coshocton County Joint Vocational School District during fiscal year 2003.

NOTE 18 – 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 \$121,862 to OME-RESA during fiscal year 2003 for services. All participating members retain their risk and the Plan acts as the claims servicing agent.

NOTE 19 – 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 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, 2003, only the unspent portion of certain workers' compensation refunds continues to be set aside.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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 6/30/2002	\$ 80,351	\$ 0	\$ (646,197)
Current year set-aside requirement	0	360,519	360,519
Qualifying disbursements	<u>0</u>	<u>(679,365)</u>	<u>(389,265)</u>
Totals	<u>\$ 80,351</u>	<u>\$ (318,846)</u>	<u>\$ (674,943)</u>
Set-aside balance carried forward to future fiscal years	<u>\$ 80,351</u>	<u>\$ 0</u>	<u>\$ (674,943)</u>
Set-aside reserve balance as of 6/30/2003	<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. The negative balance is therefore not presented as being carried forward to future years.

NOTE 20 – 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 is unconstitutional.

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

NOTE 21 – 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. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2003.

B. Litigation

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

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCKTON COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

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	\$ 45,074	\$0	\$ 51,084
School Breakfast Program	N/A	10.553	48,171	0	48,171	0
National School Lunch Program	N/A	10.555	186,964	0	186,964	0
Total Child Nutrition Cluster			<u>235,135</u>	<u>45,074</u>	<u>235,135</u>	<u>51,084</u>
Child and Adult Care Food Program	N/A	10.558	39,068	0	39,068	0
Total U.S. Department of Agriculture			<u>274,203</u>	<u>45,074</u>	<u>274,203</u>	<u>51,084</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Pass Through Ohio Department of Education:</i>						
Title I	C1-S1-01C	84.010	0	0	24,410	0
	C1-S1-02		70,421	0	65,845	0
	C1-S1-03		340,718	0	335,841	0
Total Title I			<u>411,139</u>	<u>0</u>	<u>426,096</u>	<u>0</u>
Special Education Cluster:						
Special Education Part B-IDEA	6B-SF-02P	84.027	55,312	0	50,156	0
	6B-SF-03P		251,208	0	241,678	0
Total Special Education Part B-IDEA			<u>306,520</u>	<u>0</u>	<u>291,834</u>	<u>0</u>
Early Childhood Special Education, IDEA	PG-S1-02P	84.173	0	0	3,658	0
	PG-S1-03P		11,295	0	10,950	0
Total Early Childhood Special Education, IDEA			<u>11,295</u>	<u>0</u>	<u>14,608</u>	<u>0</u>
Total Special Education Cluster			<u>317,815</u>	<u>0</u>	<u>306,442</u>	<u>0</u>
Safe and Drug Free Schools, Title IV-A	DR-S1-2003	84.186	8,020	0	7,685	0
Eisenhower Professional Development State Grant, Title II	MS-S1-01	84.281	1226	0	1,290	0
	MS-S1-02		(8,213)	0	3,276	0
Total Eisenhower Professional Development State Grant, Title II			<u>(6,987)</u>	<u>0</u>	<u>4,566</u>	<u>0</u>
Innovative Education Program Strategies, Title V	C2-S1-01	84.298	1,113	0	825	0
	C2-S1-02		11,691	0	9,894	0
Total Innovative Education Program Strategies, Title V			<u>12,804</u>	<u>0</u>	<u>10,719</u>	<u>0</u>
Improving Teacher Quality, Title II-A	CR-S1-02	84.340	25,494	0	10,958	0
	CR-S1-03	84.367	125,317	0	115,693	0
Improving Teacher Quality, Title II-A			<u>150,811</u>	<u>0</u>	<u>126,651</u>	<u>0</u>
Technology, Title II-D	TJ-S1-03	84.318	2,089	0	1,303	0
Assistive Technology Infusion Project	AT-S4-02	84.352A	2,338	0	877	0
Total U.S. Department of Education			<u>898,029</u>	<u>0</u>	<u>884,339</u>	<u>0</u>
Total			<u>\$ 1,172,232</u>	<u>\$ 45,074</u>	<u>\$ 1,158,542</u>	<u>\$ 51,084</u>

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

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the 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 – CHILD NUTRITION CLUSTER

Food Distribution Program nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies in the National School Breakfast and Lunch Programs are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – TRANSFERABILITY OF FEDERAL FUNDS

During 2003, the District made the following reallocations from original budgeted federal programs to other federal programs approved by the Ohio Department of Education:

<u>Fund</u>	<u>CFDA Number</u>	<u>Reallocations</u>
Title I - Grants to LEA's	84.010	\$9,800
Title II-D - Technology Literacy Challenge	84.318	(\$5,800)
Title IV-A - Safe and Drug Free Schools	84.186	(\$2,000)
Title II-A - Improving Teacher Quality	84.367	<u>(2,000)</u>
Total		<u><u>\$0</u></u>

The Schedule reports the reallocated expenditures in the receiving program ultimately authorized to receive and disburse the monies.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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, 2003, and have issued our report thereon dated February 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether 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 immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 20, 2004.

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.

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However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 20, 2004.

This report is intended solely for the information and use of the audit committee, management, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 20, 2004



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS 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 the River View Local School District, Coshocton 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, 2003. The District's major federal program is 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 program is 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, 2003. However, we noted a certain matter of noncompliance that we have reported to management of the District in a separate letter dated February 20, 2004.

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.

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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 the audit committee, management, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 20, 2004

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2003**

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):	Special Education Cluster: Special Education Grants to States - CFDA # 84.027. Special Education Preschool Grants – CFDA #84.173
<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.



**Auditor of State
Betty Montgomery**

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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
APRIL 15, 2004**