

# Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2002



Tri-Valley Local School District  
Dresden, Ohio







**Auditor of State  
Betty Montgomery**

Board of Education  
Tri-Valley Local School District  
Dresden, Ohio

We have reviewed the Independent Auditor's Report of the Tri-Valley Local School District, Muskingum County, prepared by Wolfe, Wilson, & Phillips, Inc., for the audit period July 1, 2001 through June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Tri-Valley Local School District is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

September 5, 2003

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Additional copies of this  
report may be obtained  
by contacting:

Tri-Valley Local School District  
Office of the Treasurer  
36 E. Muskingum Avenue  
Dresden, Ohio 43821  
(740) 754-1321

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**Tri-Valley Local School District  
Dresden, Ohio**

**Comprehensive Annual  
Financial Report**

**For the Fiscal Year Ended June 30, 2002**

**A. Maxwell Maley, Jr.  
*Treasurer***

**Lottie Ransbottom  
*Assistant to the Treasurer***

**Lillette Holdren  
*Assistant to the Treasurer***

**Prepared by**

**Tri-Valley Local School District**

**Office of the Treasurer**

**Tri-Valley Local School District  
Administration**

**Superintendent ..... *C. Douglas Spade***

**Assistant Superintendent ..... *Marshall W. Hightower***

**Treasurer ..... *A. Max Maley***

**Director of Operations ..... *Craig Strohacker***

# Introductory Section





TRI-VALLEY LOCAL SCHOOL DISTRICT

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**Tri-Valley Local School District**

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*Administrative Center*

## **TRI-VALLEY LOCAL SCHOOLS**

36 E. MUSKINGUM AVENUE

P.O. BOX 125

DRESDEN, OHIO 43821

740-754-1572 • Fax 740-754-6400

*Douglas Spade  
Superintendent  
(740) 754-1572*

**November 22, 2002**

*Marshall Hightower  
Asst. Superintendent  
(740) 754-1572*

### **Board of Education Members and Residents of Tri-Valley Local School District**

*Craig Strohacker  
Director of Operations  
(740) 754-1442*

We are pleased to submit Tri-Valley Local School District's eleventh Comprehensive Annual Financial Report (CAFR). This report fully discloses the financial operations of the District for the fiscal year ended June 30, 2002. This CAFR includes an opinion from an Independent Public Accountant and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for the accuracy of the data presented and completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the School District. This report will provide taxpayers of the Tri-Valley Local School District with comprehensive financial data in a format that enables them to gain a clearer understanding of the School District's finances.

*Max Maley  
Treasurer  
(740) 754-1321*

The Comprehensive Annual Financial Report is presented in three sections: an Introductory Section, a Financial Section, and a Statistical Section. The Introductory Section includes the table of contents, this transmittal letter, the School District's organizational chart, a list of elected officials, and the Government Finance Officers Association Certificate of Achievement. The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis, basic financial statements and the combining and individual fund financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

### **Reporting Entity**

The School District has reviewed its reporting entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments, and organizations making up the District (the primary government) and its potential component units.

The School District provides a wide range of education and support services as mandated by state statute or public desires. These include regular and vocational instruction, special instructional programs, student guidance services, extracurricular activities, and food service operations.

## **Economic Condition and Outlook**

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The District's present economic condition is stable. The addition of a major power plant in the District will be a great help in addressing technology and permanent improvement issues. The District stands to gain approximately \$460,000 per year for the next ten years, beginning in 2003. Uncertainty regarding State funding is a major concern.

State revenues have been less than expected. November Supreme Court elections are another potential set back for the school funding suit. Recent revenue increases in State funding are clearly in jeopardy. This spring is a negotiation period for the District. It is very unlikely that the State funding picture will be any clearer before we undertake negotiations.

Student population trends seem to have leveled off. Thus our staffing needs should remain constant. Modest growth in local taxes and State funding would insure a solid economic future for the District.

## **Major Initiatives**

---

In February 2003 ground-breaking ceremonies will begin for the construction of a new middle school and a sizeable addition to the high school. We will have had our first year of full-day, everyday kindergarten, and we are evaluating the impact and educational value of intervention specialists in the District. We will be putting together a comprehensive technology replacement program in the upcoming school year. The District's primary instructional goal will be the implementation of newly adopted learning standards in language and math.

## **Financial Information**

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### **Basis of Accounting**

The School District's accounting system is organized on a "fund" basis. Each fund or account group is a distinct self-balancing accounting entity. Records of general governmental fund operations are reported on the modified accrual basis whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. Records of the proprietary fund operations are reported on the accrual basis in which revenues are recognized when earned and expenses recorded when the related liability is incurred.

### **Accounting System and Budgetary Control**

In developing the School District's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of the assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The School District utilizes a fully automated accounting system as well as an automated system for control for fixed assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensures that the financial information generated is both accurate and reliable.

The Board of Education adopts the annual budget for the School District in early January. All disbursements and transfers of cash between funds require appropriation authority from the Board. All purchase order requests must be approved by the Superintendent and the Treasurer. Necessary appropriations are then encumbered and purchase orders released to vendors. Those requests which exceed the available appropriation are rejected until additional funds are secured. The accounting system used by the School District currently provides interim financial statements which detail year-to-date expenditures and encumbrances versus the original appropriations and which are available for review prior to authorizing additional purchases.

In addition to interim financial statements, each administrator is currently furnished monthly reports showing the status of the accounts for which the administrator is responsible. The reports detail monthly transactions of revenues and expenditures.

The basis of accounting and the various funds utilized by Tri-Valley School District are fully described in Note 2 of the Notes to the Basic Financial Statements. Additional information on the School District's budgetary accounting can also be found in Note 2.

This is the first year the District has prepared financial statements following GASB 34, "Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the District's financial activities as follows:

- *Government-wide Financial Statements.* These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.
- *Fund Financial Statements.* These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.
- *Statement of Budgetary Comparisons.* These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this new model, management is responsible for preparing a Management Discussion and Analysis of the District. This discussion follows the report of the Independent Public Auditors in the financial section of this report and provides an assessment of the District finances for fiscal year 2002. Because that discussion focuses on major funds, other nonmajor funds are discussed briefly in this letter.

## **Financial Highlights**

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### **Internal Service Fund**

The internal service fund carried on the financial records relates to self-insurance. This fund accounts for the revenues and expenses related to the provision of medical, prescription drug, and dental benefits to District employees. The internal service fund had unrestricted net assets of \$91,827 at June 30, 2002, compared with deficit net assets of \$19,608 at June 30, 2001, reflecting a net increase of \$111,435. The increase is due to a 20 percent funding factor rate increase in insurance premiums set by the District.

### **Fiduciary Fund**

The trust fund carried on the financial records of the District is an investment trust fund that had net assets totaling \$103,997 at June 30, 2002.

### **Cash Management**

The Board has an aggressive cash management program which consists of expediting the receipt of revenues and prudently depositing cash which is insured by the Federal Deposit Insurance Corporation as well as investing available cash in Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Notes, Federal National Mortgage Association Notes, First American Treasury Obligation, and STAROhio, the State Treasurer's investment pool. The total amount of interest earned by all funds was \$417,068 for the year ended June 30, 2002, \$149,396 being credited

directly to the general fund. This cash management program is beneficial because of access to daily balances which enables the Board to maintain minimum balance accounts and invest to the maximum extent.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

## **Risk Management**

The District operates and manages the hospital/medical health benefits, dental benefits, and prescription drug benefits for employees on a self-insured basis. A third party administrator processes and pays the claims. The health benefits liability is limited by reinsurance that caps the individual liability at \$75,000 per employee per year. The advantages of the self-insurance arrangement include the District's holding of the reserves and earning interest on them, as well as savings on administrative costs. The control of the plan is with the District.

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program and pays the premium based on a rate per \$100 of salaries. The District contracts for general liability insurance, and in addition to the self-funded health benefits, also contracts for health insurance benefits through a Health Maintenance Organization and a Preferred Provider Organization, and for life insurance.

## **Pension Plan**

All District employees are covered by the state-wide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS). The District's employer contributions to both systems are based on a percentage of employee's salaries. State law requires the District to pay the employer share as determined by each retirement system. See Note 11 to the basic financial statements for complete details.

## **Independent Audit**

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Included in this report is an unqualified audit opinion rendered on the School District's financial statements as of June 30, 2002, by our independent auditors, Wolfe, Wilson, & Phillips, Inc. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1996 and related OMB Circular A-133.

Tri-Valley Local School District plans to continue to subject financial statements to an annual independent audit as part of the preparation of a CAFR. An annual audit also serves to maintain and strengthen the School District's accounting and budgetary controls.

## **Awards**

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The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Tri-Valley Local School District for its comprehensive annual financial report for the fiscal year ended June 30, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our CAFR continues to conform to the Certificate of Achievement program requirements, and we are submitting our CAFR for the current year to GFOA.



## Acknowledgments

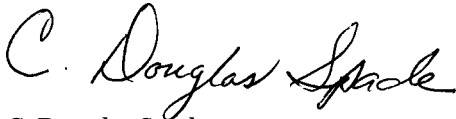
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The publication of this report is the culmination of many hours of dedicated work in the research, analysis, and preparation of the financial statements and the accompanying notes and narratives by the Treasurer's Office of the Tri-Valley Local School District.

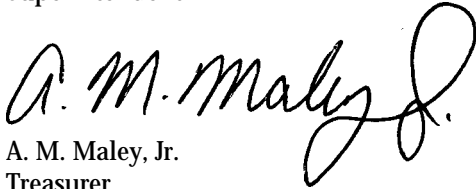
Effort put forth by the various administrators and their staffs in compiling the data needed for the report is greatly appreciated. Special recognition is given to Sharon Souder for the data entry and desktop publishing of this report. Her contribution was essential to the completion of the School District's CAFR.

A final note of appreciation is extended to the Muskingum County Auditor's Office.

Sincerely,



C. Douglas Spade  
Superintendent



A. M. Maley, Jr.  
Treasurer

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tri-Valley Local Schools,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Timothy A. Arue*  
President

*Jeffrey L. Esser*  
Executive Director

## ***Board of Education***



***President***

Cindy Cameron



***Vice President***

Tom Holdren



***Member***

Carl Harlan



***Member***

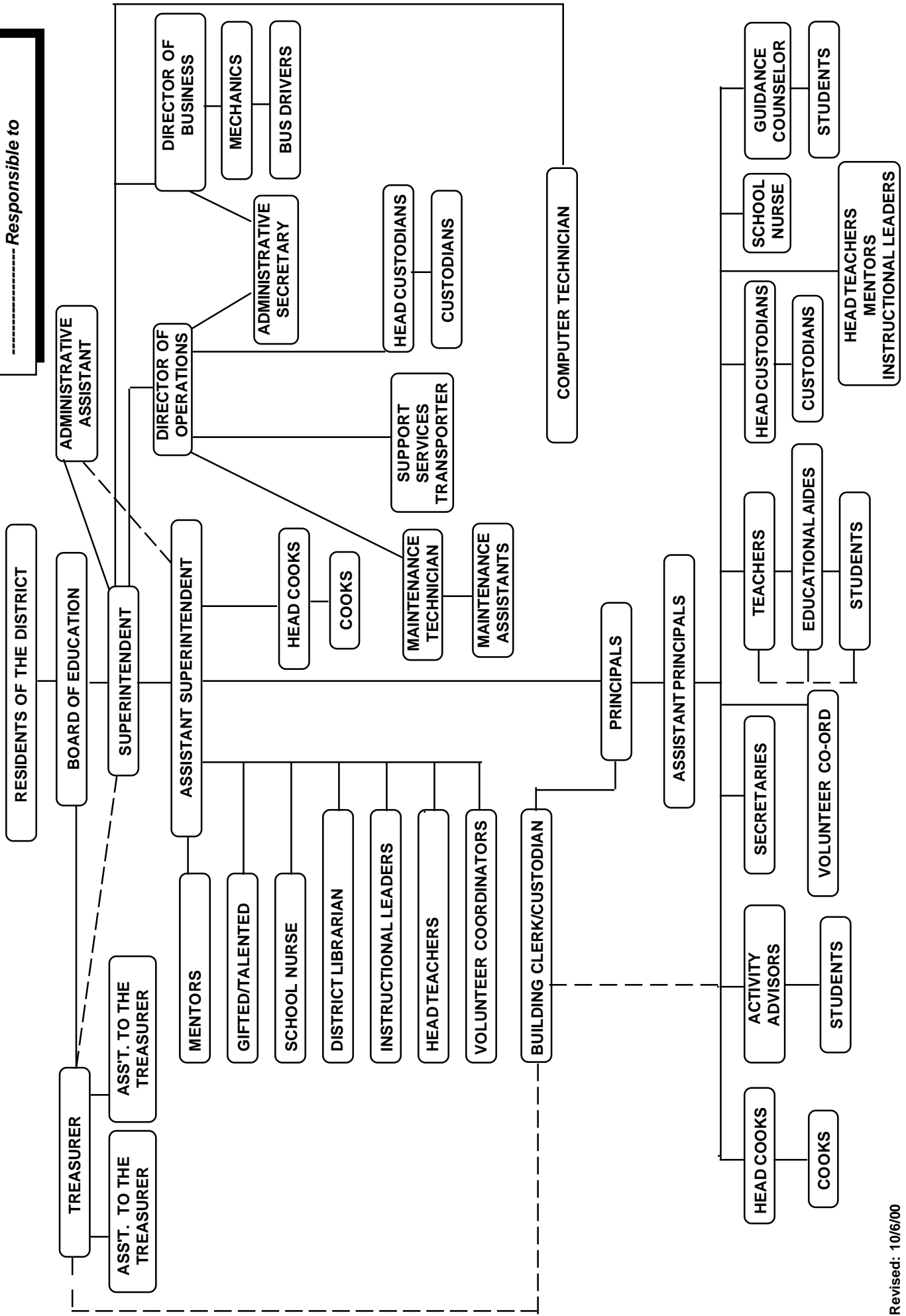
P. J. Longstreth



***Member***

Raymond Orr

**Tri-Valley Local School District**  
**ORGANIZATIONAL CHART**  
 \_\_\_\_\_ Directly Accountable  
 ----- Responsible to



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# Financial Section







**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

To the Board of Education  
Tri-Valley Local School District  
Dresden, Ohio

We have audited the accompanying basic financial statements of Tri-Valley Local School District as of and for the year ended June 30, 2002, as listed in the table of contents. These basic financial statements are the responsibility of Tri-Valley Local School District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, major funds and remaining fund information of Tri-Valley Local School District as of June 30, 2002, and the changes in financial position of those activities and funds, and the cash flows of its proprietary fund and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2002, the District adopted Governmental Accounting Standards Board Statements Nos. 34, 37, and 38, and Interpretation No. 6.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 22, 2002, on our consideration of Tri-Valley Local School District's internal control over financial reporting and our tests of its compliance with laws and 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 Government Accounting Standards Board requires. We applied 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 thereon.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by the U.S. Office of management and Budget Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*", and is not a required part of the basic financial statements. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Tri-Valley Local School District. We subjected this information to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the data in the introductory and statistical sections of this report and, therefore, express no opinion thereon.

**Wolfe, Wilson, & Phillips, Inc.**  
Zanesville, Ohio  
August 7, 2003

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2002  
(Unaudited)**

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

### **Financial Highlights**

Key financial highlights for fiscal year 2002 are as follows:

- Net assets of governmental activities increased \$1.9 million from fiscal year 2001.
- General revenues accounted for \$17.8 million in revenue or 87 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$2.7 million or 13 percent of total revenues of \$20.5 million.
- Total assets of governmental activities increased by \$22.5 million as restricted cash, taxes receivable, and other miscellaneous receivables have slightly increased and a major increase of \$17.6 million in investments in segregated cash, due to bond proceeds being held for construction during fiscal year 2003.
- The District had \$18.6 million in expenses related to governmental activities; only \$2.7 million of these expenses were offset by program specific charges for services, grants, or contributions. General revenues of \$17.8 million were adequate to provide for these programs.
- The general fund, one of the major funds, had \$16.9 million in revenues and \$16.8 million in expenditures. The general fund's balance decreased by \$0.2 million.
- The building fund, the other major fund, had \$0.3 million in revenues, \$18.6 million in other financing sources and \$0.6 million in expenditures. The building fund's fund balance increased \$18.3 million.

### **Using This Comprehensive Annual Financial Report (CAFR)**

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the 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 District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Tri-Valley Local School District, the general fund and the building fund are the only major or significant funds.

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2002  
(Unaudited)**

**Reporting the District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2002?" The Statement of Net Assets and the Statement of Activities answer this question. 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 District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the 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 District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, the District has one kind of activity.

- *Governmental Activities.* All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

The analysis of the District's major funds begins on page 30. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the building fund.

*Governmental Funds.* All of the 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 District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

*Proprietary Funds.* Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. The District only has an internal service proprietary fund which is combined in governmental activities on a full accrual basis.

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2002  
(Unaudited)**

**The District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net assets for 2002 compared to 2001.

**Table 1  
Net Assets  
(In Millions)**

	Governmental Activities	
	2002	2001
<b>Assets</b>		
Current and Other Assets	\$33.4	\$11.1
Capital Assets	8.7	8.5
<b>Total Assets</b>	<b>\$42.1</b>	<b>\$19.6</b>
<b>Liabilities</b>		
Long-Term Liabilities	(\$19.8)	(\$1.0)
Other Liabilities	(7.0)	(5.1)
<b>Total Liabilities</b>	<b>(\$26.8)</b>	<b>(\$6.1)</b>
<b>Net Assets</b>		
Invested in Capital		
Assets Net of Debt	\$8.3	\$8.3
Restricted	4.9	5.1
Unrestricted	2.1	0.0
<b>Total Net Assets</b>	<b>\$15.3</b>	<b>\$13.4</b>

Total assets and total liabilities increased \$22.5 million and \$20.7 million, respectively, due largely to the passage of a bond issue for construction and improvement of district facilities.

Total net assets increased \$1.9 million, reflecting a positive and stable operating position. Over the long term the District must continue to monitor spending.

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2002  
(Unaudited)**

**Table 2  
Changes in Net Assets  
(In Millions)**

	<b>Governmental Activities 2002</b>
<b>Revenues</b>	
Program Revenues:	
Charges for Services	\$0.5
Operating Grants	2.1
Capital Grants	0.1
General Revenues:	
Property Taxes	6.7
Grants and Entitlements	10.2
Other	0.9
<b>Total Revenues</b>	<b>\$20.5</b>
<b>Program Expenses</b>	
Instruction	\$10.7
Support Services:	
Pupil and Instructional Staff	0.8
Board of Education, Administration, and Fiscal	2.9
Operation and Maintenance of Plant	1.2
Pupil Transportation	1.0
Central	0.7
Food Service Operations	0.7
Extracurricular Activities	0.2
Interest and Fiscal Charges	0.4
<b>Total Expenses</b>	<b>\$18.6</b>
<b>Increase in Net Assets</b>	<b>\$1.9</b>

**Governmental Activities**

The District last passed an operating levy in 1988. The 5.9 mill levy, along with a steady increase in new construction, has allowed the District administration to operate without the need to request additional millage. Staff raises during this period of time have averaged slightly more than 3 percent per year and staffing levels have increased nearly 26 percent, from 143 to 194 teachers. Student enrollment increased approximately 8 percent for the same period, reflecting the District's commitment to lowering student-teacher ratios.

During fiscal year 2002, the District passed a bond issue for school facility construction and improvement. It was part of an Expedited Local Partnership Plan in which the District will build a new middle school and improve the high school during phase one and build four new elementaries in phase two. Phase one construction will begin in

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2002  
(Unaudited)**

fiscal year 2003 and will be funded by the bond issue passed by voters in November 2001, with bonds being issued March 18, 2002.

The \$18,500,000 bond issue will be the local portion the District is responsible for. During phase two the State of Ohio will provide the funding necessary to build the four new elementaries. The District will be eligible to receive the State's share of the project when all districts on the equity list are served from 120 to 161 where Tri-Valley currently stands. When the District becomes eligible, a new assessment will be done by the State and the dollar allocation will be adjusted by the student enrollment at that time. The current assessment indicates the State's portion will be \$47 million and is anticipated to begin during fiscal year 2006 if the State continues its school rebuilding efforts.

Tri-Valley Local School District relies on taxes for approximately 33 percent of the District's total income. This ratio has remained constant throughout the past ten years.

Instruction comprises approximately 58 percent of governmental program expenses. Interest expense was 0.4 percent. Interest expense was attributable to the outstanding asbestos loan note, bond anticipation notes, and general obligation bonds.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons to 2001 have not been made since they are not available.

**Table 3  
Governmental Activities  
(In Millions)**

	<b>Total Cost of Services 2002</b>	<b>Net Cost of Services 2002</b>
Instruction	\$10.7	\$9.3
Support Services:		
Pupil and Instructional Staff	0.8	0.8
Board of Education, Administration, and Fiscal	2.9	2.9
Operation and Maintenance of Plant	1.2	1.2
Pupil Transportation	1.0	0.8
Central	0.7	0.1
Food Service Operations	0.7	0.1
Extracurricular Activities	0.2	0.1
Interest and Fiscal Charges	0.4	0.4
<b>Total Expenses</b>	<b>\$18.6</b>	<b>\$15.7</b>

The dependence upon tax revenues and state subsidies for governmental activities is apparent. Over 87 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 84 percent.

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2002  
(Unaudited)**

**The District's Funds**

Information about the District's major funds starts on page 36. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$20.3 million and other financing sources of \$19.4 million, expenditures of \$19.3 million and other financing uses of \$0.5 million. The net change in fund balance for the year was most significant in the building fund, an increase of \$18.3 million. The significant increase was due to the passage of a 4.99 mill \$18,500,000 bond issue. As previously discussed, the District remains stable.

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal 2002, the District amended its general fund as needed, none significant. The District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management. Prior to June 30, the Board passed an appropriation resolution which matched actual expenditures plus encumbrances during the fiscal year.

For the general fund, budgetary basis revenue was \$0.1 million below original budget estimates of \$17.2 million. Of this \$0.1 million difference, most was due to low returns on investments. The original appropriations were adjusted to stay within statutory limits.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2002, the District had \$8.7 million invested in land, buildings, furniture, equipment and vehicles, of which all was in governmental activities. Table 4 shows fiscal 2002 balances compared to 2001.

**(Table 4)  
Capital Assets at June 30  
(Net of Depreciation, in Millions)**

	<b>Governmental Activities</b>	
	<b>2002</b>	<b>2001</b>
Land	\$0.3	\$0.1
Buildings and Improvements	7.2	7.3
Furniture and Equipment	0.6	0.4
Vehicles	0.6	0.7
	<b>\$8.7</b>	<b>\$8.5</b>



**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2002  
(Unaudited)**

There was very little change in capital assets during fiscal year 2002. Fixed asset furniture and equipment and vehicle additions of \$0.2 million exceeded depreciation of \$0.1 million. Land acquisition increased \$0.2 million due to a large land donation from the Longaberger Company. (See Note 8 for additional information regarding capital assets.)

**Debt**

At June 30, 2002, the District had \$18.69 million in bonds and notes outstanding, \$0.03 million due within one year. Table 5 summarizes bonds and notes outstanding.

**(Table 5)  
Outstanding Debt at Year End  
(In Millions)**

	<b>Governmental Activities</b>	
	<b>2002</b>	<b>2001</b>
2002 General Obligation Bonds	\$18.65	\$0.00
1993 Energy Conservation Notes	0.00	0.10
1989 Asbestos Loan Notes	0.04	0.05
<b>Totals</b>	\$18.69	\$0.15

The 2002 General Obligation Bonds were issued for school facilities construction and improvements. The bonds will be fully repaid by fiscal year 2030.

The 1993 energy conservation note was issued for energy conservation measures district-wide. It was fully repaid during fiscal year 2002 from the debt service fund.

The 1989 asbestos loan note was issued for asbestos abatement district wide. It is to be fully repaid by 2007 from the debt service fund. (See Note 14 for additional information regarding debt.)

Since Tri-Valley passed its last operating levy in 1988, it has experienced steady growth in its tax base. New construction, both residential and business, along with substantial increases in State support, have allowed the District to stay off the ballot for new operating issues. During this period of economic prosperity, the Board of Education has had the opportunity to transfer money into its permanent improvement fund and maintain a budget reserve within its general fund. At the close of fiscal year 2002, the permanent improvement fund had \$2,084,865 and the budget reserve and Board designation for budget reserve had \$691,044 as balances.

The healthy financial status of the District allowed the School Board to decrease the millage requested in its passage of a 4.99 mill bond issue. Without the ability to pledge over \$3,000,000 from future reserves, the millage necessary would have been in excess of a sizeable 6 mills, making it more difficult to win voter support. Having passed the school facilities construction and improvement levy on November 6, 2001, the District sold bonds in the face

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2002  
(Unaudited)**

amount of \$18,500,000 on March 18, 2002, to finance phase one of the project. The first phase of the Expedited Local Partnership Plan requires the District to spend its share of the \$64,500,000 total necessary to complete phase one and two. The District plans to build and furnish one new middle school and make improvements to its high school during phase one of the comprehensive facility agreement with the State. Phase two calls for the building of four new elementaries with state dollars rather than local monies. The District should be eligible for the State's share during fiscal year 2007.

Additional programs implemented during the past two fiscal years—a district-wide intervention program and an all-day, every-day kindergarten—at a cost of nearly \$700,000, are expected to aid the District in its continuing effort for academic improvements.

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the District.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme court rendered an opinion on this issue. The Court concluded, "the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "... major areas warrant further attention, study, and development by the General Assembly ...," including the State's reliance on local property tax funding, the State's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

For additional information regarding this matter, see Note 20.

Tri-Valley Local School District has committed itself to the highest standards of financial excellence for many years. The District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1993.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact A. Max Maley, Treasurer at Tri-Valley Local School District, 36 E. Muskingum Avenue, Dresden, Ohio 43821 or e-mail at [mmaley@tri-valley.k12.oh.us](mailto:mmaley@tri-valley.k12.oh.us).

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**TRI-VALLEY LOCAL SCHOOL DISTRICT**

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**Statement of Net Assets**

June 30, 2002

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$7,284,977
Cash in Segregated Accounts	558,590
Materials and Supplies Inventory	85,995
Accounts Receivable	24,982
Intergovernmental Receivable	411,062
Accrued Interest Receivable	73,752
Prepaid Items	33,269
Property Taxes Receivable	7,102,503
Deferred Charges	90,728
Investments in Segregated Accounts	17,669,900
Nondepreciable Capital Assets	655,704
Depreciable Capital Assets, Net	8,080,484
<b>Total Assets</b>	<b>\$42,071,946</b>
<b>Liabilities:</b>	
Accounts Payable	\$236,160
Accrued Wages and Benefits	1,615,970
Intergovernmental Payable	262,533
Accrued Interest Payable	34,212
Claims Payable	475,863
Matured Severance Payable	61,679
Deferred Revenue	4,316,267
Long Term Liabilities:	
Due Within One Year	365,347
Due in More Than One Year	19,398,809
<b>Total Liabilities</b>	<b>\$26,766,840</b>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	\$8,334,123
Restricted for:	
Capital Projects	2,168,318
Debt Service	807,892
Set-Asides	76,359
Other Purposes	1,814,555
Unrestricted	2,103,859
<b>Total Net Assets</b>	<b>\$15,305,106</b>

See accompanying notes to the basic financial statements.

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Statement of Activities**  
For the Fiscal Year Ended June 30,2002

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<b>Governmental Activities</b>				
Instruction:				
Regular	\$9,448,576	\$19,675	\$920,754	\$ 0
Special	1,050,427	0	526,175	88,540
Vocational	345,092	0	55,656	0
Adult/Continuing	2,020	0	0	0
Support Services:				
Pupils	392,154	1,412	73,693	0
Instructional Staff	510,884	0	0	0
Board of Education	745,451	0	0	0
Administration	1,940,036	56,627	1,019	0
Fiscal	337,948	0	0	0
Operation and Maintenance of Plant	1,259,845	355	0	0
Pupil Transportation	1,055,162	79,582	0	85,888
Central	76,318	17,945	2,645	0
Food Service Operations	769,982	205,430	551,223	0
Extracurricular Activities	214,274	170,933	0	0
Interest and Fiscal Charges	449,379	0	0	0
<b>Total Governmental Activities</b>	<b>\$18,597,548</b>	<b>\$551,959</b>	<b>\$2,131,165</b>	<b>\$174,428</b>
<b>General Revenues</b>				
Property Taxes Levied for:				
General Purposes				
Debt Service				
Capital Outlay				
Grants and Entitlements not Restricted to Specific Programs				
Unrestricted Contributions				
Investment Earnings				
Miscellaneous				
<b>Total General Revenues</b>				
Change in Net Assets				
Net Assets at Beginning of Year - See Note 3				
<b>Net Assets at End of Year</b>				

See accompanying notes to the basic financial statements.

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**TRI-VALLEY LOCAL SCHOOL DISTRICT**

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**Net (Expense) Revenue  
and Changes in Net Assets**

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**Total  
Governmental Activities**

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(\$8,508,147)  
(435,712)  
(289,436)  
(2,020)

(317,049)  
(510,884)  
(745,451)  
(1,882,390)  
(337,948)

(1,259,490)  
(889,692)  
(55,728)  
(13,329)  
(43,341)  
(449,379)

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(\$15,739,996)

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5,543,148  
1,087,684  
101,309  
10,175,784  
185,540  
417,068  
89,991

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\$17,600,524

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1,860,528

13,444,578

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\$15,305,106

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**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Balance Sheet  
Governmental Funds  
June 30, 2002**

	<b>General Fund</b>	<b>Building Fund</b>	<b>Other Governmental Funds</b>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,703,519	\$ 0	\$3,926,653
Cash in Segregated Accounts	0	558,590	0
Investments in Segregated Accounts	0	17,669,900	0
<b>Restricted Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	76,359	0	0
<b>Receivables:</b>			
Taxes	5,919,501	0	1,183,002
Accounts	0	0	24,982
Intergovernmental	0	0	411,062
Accrued Interest	0	73,752	0
Prepaid Items	32,443	0	826
Materials and Supplies Inventory	75,038	0	10,957
<b>Total Assets</b>	<b>\$8,806,860</b>	<b>\$18,302,242</b>	<b>\$5,557,482</b>
<b>Liabilities and Fund Equity:</b>			
<b>Liabilities:</b>			
Accounts Payable	\$188,919	\$ 0	\$36,485
Accrued Wages and Benefits	1,576,359	0	39,611
Intergovernmental Payable	107,809	0	8,590
Deferred Revenue	4,058,598	0	1,160,510
Matured Severance Payable	61,679	0	0
<b>Total Liabilities</b>	<b>\$5,993,364</b>	<b>\$ 0</b>	<b>\$1,245,196</b>
<b>Fund Equity</b>			
<b>Fund Balances:</b>			
Reserved for Encumbrances	\$635,273	\$876,879	\$194,366
Reserved for Budget Stabilization	76,359	0	0
Reserved for Property Taxes	1,860,903	0	421,626
<b>Unreserved:</b>			
Designated for Budget Stabilization	614,685	0	0
<b>Unreserved, undesignated reported in:</b>			
General Fund (Deficit)	(373,724)	0	0
Special Revenue Funds	0	0	1,230,250
Debt Service Fund	0	0	342,472
Capital Projects Funds	0	17,425,363	2,123,572
<b>Total Fund Equity</b>	<b>\$2,813,496</b>	<b>\$18,302,242</b>	<b>\$4,312,286</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$8,806,860</b>	<b>\$18,302,242</b>	<b>\$5,557,482</b>

See accompanying notes to the basic financial statements.

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Reconciliation of Total Governmental Fund Balances  
to Net Assets of Governmental Activities  
June 30, 2002**

	<b>Total Governmental Fund Balances</b>		\$25,428,024
<b>Total Governmental Funds</b>	<i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
\$6,630,172	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		\$8,736,188
558,590	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		
17,669,900			
76,359	Taxes	\$503,707	
7,102,503	Intergovernmental	399,134	
24,982	Total		902,841
411,062	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.		91,827
73,752			
33,269	Unamortized issuance costs are reported as deferred charges on the Statement of Net Assets but as an expenditure on the fund financial statements which do not provide current financial resources and, therefore, are not reported in the funds.		90,728
85,995			
\$32,666,584	Intergovernmental payable includes contractually required pension contributions not expected to be paid with available resources and, therefore, are not reported in the funds.		(146,134)
	Long-term liabilities and accrued interest are not due and payable in the current period and therefore are not reported in the funds.		
	General Obligation Bonds	\$18,652,777	
	Compensated Absences	935,420	
	Accrued Interest Payable	34,212	
	Asbestos Loan	35,499	
	Capital Leases	140,460	
	Total		(19,798,368)
	<b>Net Assets of Governmental Activities</b>		\$15,305,106
\$25,428,024			
\$32,666,584			

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds**

For the Fiscal Year Ended June 30,2002

	<u>General Fund</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes	\$5,483,835	\$ 0	\$1,102,176	\$6,586,011
Intergovernmental	11,122,604	0	1,511,071	12,633,675
Interest	149,396	262,515	5,157	417,068
Tuition and Fees	36,724	0	0	36,724
Extracurricular Activities	79,582	0	229,868	309,450
Gifts and Donations	0	0	4,300	4,300
Charges for Services	0	0	205,430	205,430
Rentals	355	0	0	355
Miscellaneous	75,365	0	14,626	89,991
<b>Total Revenues</b>	<b>\$16,947,861</b>	<b>\$262,515</b>	<b>\$3,072,628</b>	<b>\$20,283,004</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	\$9,065,918	\$ 0	\$512,466	\$9,578,384
Special	1,017,569	0	446	1,018,015
Vocational	308,644	0	0	308,644
Adult/Continuing	2,020	0	0	2,020
<b>Support Services:</b>				
Pupils	374,761	0	4,049	378,810
Instructional Staff	487,803	0	6,058	493,861
Board of Education	728,422	0	16,455	744,877
Administration	1,694,179	0	62,254	1,756,433
Fiscal	334,088	0	0	334,088
Operation and Maintenance of Plant	1,245,280	0	16,283	1,261,563
Pupil Transportation	1,246,696	0	0	1,246,696
Central	55,398	0	10,720	66,118
Food Service Operations	0	0	735,836	735,836
Extracurricular Activities	23,688	0	159,498	183,186
Capital Outlay	177,501	340,507	8,100	526,108
<b>Debt Service:</b>				
Principal	37,265	0	111,253	148,518
Interest and Fiscal Charges	11,484	183,191	221,868	416,543
Bond Issuance Costs	0	90,728	0	90,728
<b>Total Expenditures</b>	<b>\$16,810,716</b>	<b>\$614,426</b>	<b>\$1,865,286</b>	<b>\$19,290,428</b>
Excess of Revenues Over (Under) Expenditures	\$137,145	(\$351,911)	\$1,207,342	\$992,576
<b>Other Financing Sources (Uses):</b>				
Inception of Capital Lease	\$165,974	\$ 0	\$ 0	\$165,974
General Obligation Bonds Issued	0	18,500,000	0	18,500,000
Premium on General Obligation Bonds	0	228,153	0	228,153
Discount on General Obligation Bonds	0	(74,000)	0	(74,000)
Transfer In	0	0	500,000	500,000
Transfer Out	(500,000)	0	0	(500,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(\$334,026)</b>	<b>\$18,654,153</b>	<b>\$500,000</b>	<b>\$18,820,127</b>
Net Change in Fund Balances	(\$196,881)	\$18,302,242	\$1,707,342	19,812,703
Fund Balances at Beginning of Year—Restated (See Note 3)	3,010,377	0	2,604,944	5,615,321
<b>Fund Balances at End of Year</b>	<b>\$2,813,496</b>	<b>\$18,302,242</b>	<b>\$4,312,286</b>	<b>\$25,428,024</b>

See accompanying notes to the basic financial statements.



**TRI-VALLEY LOCAL SCHOOL DISTRICT**

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

Net Change in Fund Balances - Total Governmental Funds		\$19,812,703
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Fixed Assets Additions	\$782,758	
Current Year Depreciation	(573,666)	
Capital Asset Donation	181,240	
Total		390,332
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of fixed assets.		
		(201,010)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.		
Taxes	\$146,130	
Intergovernmental	129,382	
Total Revenues		275,512
Repayments of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Asbestos Loan	\$8,053	
Capital Leases	37,265	
Energy Conservation Loan	103,200	
Total		148,518
Debt proceeds, discounts, and premiums are other financing sources(uses) in the governmental funds, but the issuance increases the long-term liabilities on the statement of activities:		
Capital Debt Proceeds	(\$18,500,000)	
Discount	74,000	
Premium	(228,153)	
Total		(18,654,153)
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. The amortization of premiums and discounts are reported on the statement of activities:		
Discount Amortization	(\$661)	
Premium Amortization	2,037	
Accrued Interest Payable	(34,212)	
Total		(32,836)
Issuance costs are reported as an expenditure when paid in the governmental funds, but are deferred and amortized on the statement of activities:		
Issuance Costs	\$91,545	
Amortization of Issuance Costs	(817)	
Total		90,728
Inception of capital leases are reported as other financing sources in the governmental funds, but the inception increases long term liabilities on the statement of activities:		
Inception of Capital Lease		(165,974)
Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payables representing contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Intergovernmental Payable	\$3,953	
Compensated Absences Payable	(89,226)	
Total		85,273
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. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities.		
		111,435
Change in Net Assets of Governmental Activities		\$1,860,528

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Statement of Revenues, Expenditures, and Changes  
In Fund Balance—Budget (Non-GAAP Basis) and Actual  
General Fund**

For the Fiscal Year Ended June 30, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	5,790,000	5,587,219	5,587,219	0
Intergovernmental	\$10,470,000	\$11,145,326	\$11,145,326	\$ 0
Interest	300,000	149,532	149,532	0
Tuition and Fees	70,000	36,724	36,724	0
Extracurricular Activities	100,000	79,582	79,582	0
Rentals	0	355	355	0
Miscellaneous	500,000	73,358	73,358	0
<b>Total Revenues</b>	<b>\$17,230,000</b>	<b>\$17,072,096</b>	<b>\$17,072,096</b>	<b>\$ 0</b>
<b>Expenditures</b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	\$8,414,106	\$8,898,314	\$8,898,314	\$ 0
Special	951,500	1,012,254	1,012,254	0
Vocational	269,500	322,878	322,878	0
Other	5,000	2,020	2,020	0
<i>Support Services:</i>				
Pupil	395,900	378,767	378,767	0
Instructional Staff	427,252	487,980	487,980	0
Board of Education	653,200	791,901	791,901	0
Administration	1,630,751	1,782,130	1,782,130	0
Fiscal	358,000	331,401	331,401	0
Operation and Maintenance of Plant	1,282,500	1,340,803	1,340,803	0
Pupil Transportation	1,293,000	1,279,409	1,279,409	0
Central	86,000	85,166	85,166	0
Extracurricular Activities	22,000	29,643	29,643	0
Capital Outlay	200,000	241,137	241,137	0
<b>Total Expenditures</b>	<b>\$15,988,709</b>	<b>\$16,983,803</b>	<b>\$16,983,803</b>	<b>\$ 0</b>
<b>Excess of Revenues Over Expenditures</b>	<b>\$1,241,291</b>	<b>\$88,293</b>	<b>\$88,293</b>	<b>\$ 0</b>

(Continued)

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Statement of Revenues, Expenditures, and Changes  
In Fund Balance—Budget (Non-GAAP Basis) and Actual  
General Fund (Continued)**

For the Fiscal Year Ended June 30, 2002

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<i>Other Financing Sources (Uses):</i>				
Refund of Prior Year Expenditures	\$0	\$2,007	\$2,007	\$ 0
Operating Transfers Out	(500,000)	(500,000)	(500,000)	0
<b><i>Total Other Financing Sources (Uses)</i></b>	<b>(\$500,000)</b>	<b>(\$497,993)</b>	<b>(\$497,993)</b>	<b>\$ 0</b>
Net Change in Fund Balance	\$741,129	(\$409,700)	(\$409,700)	\$ 0
Fund Balance at Beginning of Year	1,757,580	1,757,578	1,757,578	0
Prior Year Encumbrances Appropriated	607,808	607,811	607,811	0
<b><i>Fund Balance at End of Year</i></b>	<b>\$3,106,679</b>	<b>\$1,955,689</b>	<b>\$1,955,689</b>	<b>\$ 0</b>

*See accompanying notes to the basic financial statements.*

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**TRI-VALLEY LOCAL SCHOOL DISTRICT**

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**Statement of Fund Net Assets  
Proprietary Fund**

June 30, 2002

	<b>Governmental Activity - Internal Service Fund</b>
<b><i>Current Assets:</i></b>	
Equity in Pooled Cash and Cash Equivalents	\$578,446
<b><i>Total Current Assets</i></b>	<b>\$578,446</b>
<b><i>Current Liabilities:</i></b>	
Accounts Payable	\$10,756
Claims Payable	475,863
<b><i>Total Current Liabilities</i></b>	<b>\$486,619</b>
<b><i>Net Assets:</i></b>	
Unrestricted	\$91,827
<b><i>Total Net Assets</i></b>	<b>\$91,827</b>

*See accompanying notes to the basic financial statements.*

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**TRI-VALLEY LOCAL SCHOOL DISTRICT**

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**Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Proprietary Fund**  
For the Fiscal Year Ended June 30, 2002

	<u>Governmental Activity - Internal Service Fund</u>
<b><i>Operating Revenues:</i></b>	
Charges for Services	\$1,620,433
<b><i>Total Operating Revenues</i></b>	<b>\$1,620,433</b>
<b><i>Operating Expenses:</i></b>	
Purchased Services	\$166,346
Claims	1,342,652
<b><i>Total Operating Expenses</i></b>	<b>\$1,508,998</b>
Operating Income	\$111,435
Net Assets (Deficit) at Beginning of Year	(19,608)
<b><i>Net Assets at End of Year</i></b>	<b>\$91,827</b>

*See accompanying notes to the basic financial statements.*

TRI-VALLEY LOCAL SCHOOL DISTRICT

**Statement of Cash Flows**  
**Proprietary Fund**  
For the Fiscal Year Ended June 30, 2002

**Governmental Activity -  
Internal Service Fund**

**Increase (Decrease) in Cash and Cash Equivalents**

*Cash Flows from Operating Activities:*

Cash Received from Transactions with Other Funds	\$1,716,782
Cash Payments for Services	(203,453)
Cash Payments for Claims	(1,320,246)
<hr/>	
<b><i>Net Cash Provided by Operating Activities</i></b>	<b>\$193,083</b>
<hr/>	
Net Increase in Cash and Cash Equivalents	\$193,083
Cash and Cash Equivalents at Beginning of Year	385,363
<hr/>	
<b><i>Cash and Cash Equivalents at End of Year</i></b>	<b>\$578,446</b>
<hr/>	

**Reconciliation of Operating Income to  
Net Cash Provided by Operating Activities**

Operating Income	\$111,435
 <i>Changes in Assets and Liabilities:</i>	
Decrease in Interfund Receivable	\$96,349
Decrease in Accounts Payable	(37,107)
Increase in Claims Payable	22,406
<hr/>	
<b><i>Total Adjustments</i></b>	<b>\$81,648</b>
<hr/>	
<b><i>Net Cash Provided by Operating Activities</i></b>	<b>\$193,083</b>
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*See accompanying notes to the basic financial statements.*

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**TRI-VALLEY LOCAL SCHOOL DISTRICT**

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Statement of Fiduciary Net Assets  
**Fiduciary Funds**  
June 30, 2002

	<b>Investment Trust Fund</b>	
	<b>Coalition</b>	<b>Agency</b>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$103,997</u>	<u>\$84,749</u>
<b>Liabilities</b>		
Due to Students	<u>0</u>	<u>\$84,749</u>
<b><i>Total Liabilities</i></b>	<u>0</u>	<u>\$84,749</u>
<b>Net Assets</b>		
Held in Trust for Pool Participants	<u>\$103,997</u>	
<b><i>Total Net Assets</i></b>	<u>\$103,997</u>	

*See accompanying notes to the basic financial statements.*

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**TRI-VALLEY LOCAL SCHOOL DISTRICT**

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**Statement of Changes in Fiduciary Net Assets  
Fiduciary Fund**

For the Fiscal Year Ended June 30, 2002

	<b>Investment Trust Fund</b>
	<b>Coalition</b>
<i><b>Additions:</b></i>	
Interest	\$4,241
<hr/>	
<i><b>Deductions:</b></i>	
Transactions	(\$51,768)
<hr/>	
Changes in Net Assets	(\$47,527)
Net Assets at Beginning of Year	\$151,524
<hr/>	
<i><b>Net Assets at End of Year</b></i>	<i><b>\$103,997</b></i>
<hr/> <hr/>	

*See accompanying notes to the basic financial statements.*



**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 1—Description of the School District and Reporting Entity**

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

The District was established in 1966. The District serves an area of approximately 230 square miles. It is located in Muskingum and Coshocton Counties and includes all of Adams, Jefferson, Salem, Jackson, Muskingum, and Madison Townships. Only a portion of Licking, Virginia, and Washington Townships are included. The District is the 155 largest in the State of Ohio (among 613 school districts) in terms of enrollment. It is staffed by 116 classified employees, 194 certified teaching personnel, and 15 administrative employees who provide services to 3,077 students and other community members. The District currently operates 13 instructional/support buildings.

**Reporting Entity**

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

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

The District participates in the Licking Area Computer Association (LACA) and the Mid-East Ohio Joint Vocational School District, which are defined as jointly governed organizations and the Ohio School Boards Association Workers’ Compensation Group Rating Plan, which is defined as a group insurance purchasing pool. Additional information concerning these organizations is presented in Note 18.

**Note 2—Summary of Significant Accounting Policies**

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

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 2—Summary of Significant Accounting Policies (Continued)**

**A. Basis of Presentation**

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

**Government-wide Financial Statements.** The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The 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 activities of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. 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 District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements.** During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. 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 District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

**Governmental Funds.** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major funds:

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

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 2—Summary of Significant Accounting Policies (Continued)**

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**Building Fund.** The building fund is used to account for the receipts and expenditures related to the construction and renovations of facilities of the District being financed through bonds.

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

**Proprietary Fund Type.** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the District has no enterprise funds.

**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 District on a cost reimbursement basis. The District's only internal service fund accounts for the operation of the District's self-insurance program for employee medical, vision, prescription drug, and dental claims.

**Fiduciary Fund Type.** 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 District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is an investment trust fund that accounts for all fiscal activities of the "Ohio Coalition for Equity and Adequacy of School Funding." Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only agency fund accounts for student managed 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 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.

**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, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of 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 District finances and meets the cash flow needs of its proprietary activity.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 2—Summary of Significant Accounting Policies (Continued)**

**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 District, available means expected to be received within 60 days of fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**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.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 2—Summary of Significant Accounting Policies (Continued)**

**E. Cash and Cash Equivalents**

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements. The District segregates and separately invests bond proceeds during the building construction project. The balance in this account is presented as "Investments in Segregated Accounts."

During the fiscal year 2002, investments were limited to Federal Home Loan Bank Bonds, First American Treasury Obligations, Federal Home Loan Mortgage Notes, Federal National Mortgage Notes, and STAROhio.

Investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2002. STAROhio is an investment pool managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price, which is the price the investment could be sold for on June 30, 2002.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$149,396, which includes \$5,157 assigned from other District funds.

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 District are presented on the financial statement as cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

**F. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors grantors, or laws of other government or imposed by enabling legislation. Restricted assets in the General Fund represent cash and cash equivalents required by State statute to be set aside to create a reserve for budget stabilization. See Note 19 for additional information regarding set asides.

**G. Prepaid Items**

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

**H. Inventory**

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

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 2—Summary of Significant Accounting Policies (Continued)**

Inventory consists of expendable supplies held for consumption, donated food, purchased food, and school supplies.

**I. Capital Assets**

The District's only capital assets are general 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress 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
Land Improvements	30 years
Buildings and Improvements	10–30 years
Furniture and Equipment	5–10 years
Vehicles	5–9 years

**J. 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 activities columns of the statement of net assets.

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 2—Summary of Significant Accounting Policies (Continued)**

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

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured severance payable" in the fund from which the employees will be paid. The remaining portion of the liability is not reported.

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

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

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

**M. Unamortized Issuance Costs/Bond Premium and Discount**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond issuance costs, bond premium and discounts are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recorded as deferred charges and amortized over the term of the related debt.

On the governmental fund financial statements, governmental fund types recognize issuance costs, bond premiums and bond discounts in the current period. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 2—Summary of Significant Accounting Policies (Continued)**

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**O. Fund Balance Reserves and Designations**

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

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.

The District has a fund balance designation on the balance sheet for additional money set-aside by the Board for budget stabilization above the reserve for budget stabilization required by State statute.

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

The 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 fund. For the District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting this definition are reported as nonoperating.

**R. Extraordinary and Special Items**

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

**S. Estimates**

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

**T. Budgetary Data**

All funds, other than the investment trust fund and agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate



**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 2—Summary of Significant Accounting Policies (Continued)**

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 sets 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 and the authority to allocate at the function/object level is delegated to the District's Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement represent the amounts in the amended official certificate of estimated resources in place at the time original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended official certificate of estimated resources in effect at the time the final appropriations were adopted by the Board.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. 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 fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to June 30, the Board passed an appropriation resolution which matched actual expenditures plus encumbrances during the fiscal year.

**Note 3—Changes in Accounting Principles and Restatement of Fund Balances**

*Changes in Accounting Principles.* For fiscal year 2002, the District has implemented GASB Statement No. 34, "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments," GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus," GASB Statement No. 38, "Certain Financial Statement Note Disclosures," and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements." At June 30, 2002, there was no effect on fund balances as a result of implementing GASB Statements 37 and 38.

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

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

*Restatement of Fund Balances.* The fund classification was updated during fiscal year 2002 to reclassify numerous funds, including the reclassification of the uniform school supplies fund, previously reported as an enterprise fund, and the flower fund, previously reported as a fiduciary fund, to be combined with the general fund, and the food service fund, previously reported as an enterprise fund, being reclassified as a special revenue fund. These

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 3—Changes in Accounting Principles and Restatement of Fund Balances - Continued**

restatements and the implementation of Interpretation No. 6 had the following effect on fund balance of the major and nonmajor funds of the District as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

**GASB 34 Adjustments**

	General	Nonmajor	Total
Fund Balances, June 30, 2001	\$2,965,612	\$2,662,068	\$5,627,680
Fund Reclassifications:			
Food Service	0	147,872	147,872
Uniform School Supplies	9,156	0	9,156
Flower Fund	0	48,442	48,442
Interpretation 6:			
Compensated Absences	35,609	14,802	50,411
Deferred Revenue	0	(268,240)	(268,240)
Restated Fund Balances, June 30, 2001	\$3,010,377	\$2,604,944	\$5,615,321
Capital Assets			8,546,866
Internal Service Fund			(19,608)
Deferred Revenue			627,329
Long-Term Liabilities			(1,325,330)
Governmental Activities Net Assets, June 30, 2001			\$13,444,578

**Note 4—Budgetary Basis of Accounting**

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

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

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

**Net Change in Fund Balance**

GAAP Basis	(\$196,881)
Net Adjustment for Revenue Accruals	126,243
Net Adjustment for Expenditure Accruals	296,211
Adjustment for Encumbrances	(635,273)
Budget Basis	(\$409,700)

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 5—Personal Property Taxes**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 property located in the District. Property tax revenue received during calendar year 2002 for real property and public utility property taxes represents collections of calendar year 2001 taxes. Property tax payments received during calendar year 2002 for tangible personal property (other than public utility property) are for calendar year 2002 taxes.

Real property taxes for 2002 are levied after April 1, 2002, on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at 35 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 35 percent of true value. The 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002, and are collected in 2002 with real property taxes. 2002 tangible personal property taxes are levied after April 1, 2002 on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are 25 percent of true value.

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

	<b>2001</b>		<b>2002</b>	
	<b>Second Half Collections</b>		<b>First Half Collections</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Real Property	\$204,726,010	78.87%	\$211,231,990	80.36%
Public Utility Personal Property	28,338,550	10.92	20,736,920	7.89
Tangible Personal Property	26,512,560	10.21	30,886,255	11.75
<b>Total Assessed Value</b>	<b>\$259,577,120</b>	<b>100.00%</b>	<b>\$262,855,165</b>	<b>100.00%</b>
Tax Rate per \$1000 of Assessed Valuation	35.55		40.45	

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.

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

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

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 5—Personal Property Taxes (Continued)**

The amount available as an advance at June 30, 2002, was \$2,282,529. The amount of \$1,860,903 was available to the general fund, \$378,603 for the bond retirement fund, and \$43,023 for the permanent improvement 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 6—Deposits and Investments**

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

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

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 6—Deposits and Investments (Continued)**

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within 5 years from the date of purchase unless matched to a specific obligation or debt of the 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."

**Deposits.** At fiscal year end, the carrying amount of the District's deposits was \$6,340,085, and the bank balance was \$6,413,724. Of the bank balance:

1. The amount of \$158,335 was covered by federal depository insurance; and
2. The amount of \$6,255,389 was uninsured and uncollateralized. Although all State statutory requirements for the deposit money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**Investments.** The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or an agent in the 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 District's name. Investments in the STAROhio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

**Note 6—Deposits and Investments (Continued)**

	<b>Category 3</b>	<b>Fair Value</b>
Federal Home Loan Bank Bonds	\$7,510,515	\$7,510,515
Federal Home Loan Mortgage Notes	1,491,550	1,491,550
Federal National Mortgage Association Notes	9,225,971	9,225,971
First American Treasury Obligations	454	454
Investment in State Treasurer's Investment Pool		1,133,638
Total	\$18,228,490	\$19,362,128

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

	<b>Cash and Cash Equivalents/Deposits</b>	<b>Investments</b>
GASB Statement 9	\$8,032,313	\$17,669,900
Investments with maturity less than 90 days	(558,590)	558,590
Investment in State Treasurer's Investment Pool	(1,133,638)	1,133,638
GASB Statement 3	\$6,340,085	\$19,362,128

**Note 7—Interfund Transactions**

The general fund reported a transfer out during fiscal year 2002 of \$500,000. The permanent improvement fund had a transfer in the same amount. The transfer represents the District Boards' commitment to fund the construction of an auditorium during phase two of the expedited local partnership plan.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 8—Capital Assets**

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

	<u>Balance 6/30/01</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/02</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$115,805	\$181,240	\$ 0	\$297,045
Construction in Progress	0	358,659	0	358,659
<b>Total Capital Assets, not being depreciated:</b>	<b>\$115,805</b>	<b>\$539,899</b>	<b>\$ 0</b>	<b>\$655,704</b>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	\$11,057,488	\$ 0	(\$8,000)	\$11,049,488
Furniture and Equipment	907,137	255,334	(120,751)	1,041,720
Vehicles	1,799,470	168,765	(176,668)	1,791,567
<b>Total Capital Assets, being depreciated</b>	<b>\$13,764,095</b>	<b>\$424,099</b>	<b>(\$305,419)</b>	<b>\$13,882,775</b>
<i>Less Accumulated Depreciation</i>				
Land Improvements	(\$10,131)	(\$949)	\$9,413	(\$1,667)
Buildings and Improvements	(3,826,987)	(360,471)	343	(4,187,115)
Furniture and Equipment	(480,800)	(92,657)	94,653	(478,804)
Vehicles	(1,015,116)	(119,589)	0	(1,134,705)
<b>Total Accumulated Depreciation</b>	<b>(\$5,333,034)</b>	<b>(\$573,666)</b>	<b>\$104,409</b>	<b>(\$5,802,291)</b>
Total Capital Assets being depreciated, net	\$8,431,061	(\$149,567)	(\$201,010)	\$8,080,484
<b>Governmental Activities Capital Assets, Net</b>	<b>\$8,546,866</b>	<b>\$390,332</b>	<b>\$201,010</b>	<b>\$8,736,188</b>

\*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$299,451
Special	33,273
Vocational	36,715
Support Services:	
Pupil	13,768
Instructional Staff	22,373
Board of Education	574
Administration	62,530
Fiscal	574
Operation and Maintenance of Plant	20,652
Pupil Transportation	7,458
Central	12,621
Food Service Operations	26,389
Extracurricular Activities	37,288
<b>Total Depreciation Expense</b>	<b>\$573,666</b>

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 9—Receivables**

Receivables at June 30, 2002, consisted of taxes, accounts, intergovernmental grants, and interest. All receivables are considered collectible in full due to the ability to foreclose for the non-payment of taxes, the stable condition of state programs, and the current fiscal year guarantee of federal funds. All receivables are expected to be collected within one year.

A summary of principal items of intergovernmental receivables follows:

	<b>Amounts</b>
<b>Governmental Activities:</b>	
Eisenhower Grant	\$2,589
Title VI Grant	124,337
Chapter I	165,494
Chapter II	22,907
Drug Free/Entry Year	9,153
Class Size Reduction	49,879
Miscellaneous Federal Grants	36,703
	<b>Total</b>
	<b>\$411,062</b>

**Note 10—Risk Management**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft, damage to or destruction of assets; errors and omissions; employee injuries, and natural disasters. During fiscal year 2002 the District contracted with the Nationwide Mutual Insurance Agency for property insurance. Professional liability is protected by Reed and Baur Insurance Company with a \$1,000,000 single occurrence limit and a \$5,000,000 aggregate. Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no reductions in coverage from the prior year.

Performance bonds in the amount of \$20,000 are maintained for the superintendent, treasurer, and the board president. All other employees are covered by a \$20,000 blanket bond. All bonds are covered by the Ohio Casualty Insurance Company.

**B. Worker’s Compensation**

For fiscal year 2002 the District participated in the Ohio School Boards Association (OSBA) Workers’ Compensation Group Rating Program (GRP), a group insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers’ compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers’ compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participants’ individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the “Equity Pooling Fund.” This “equity pooling” arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP’s selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.



**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 10—Risk Management (Continued)**

**C. Employee Medical Benefits**

The District maintains a limited risk health insurance program for employees. Premiums are paid to a third party administrator, Central Benefits. The claims are processed by the third party administrator and monitored by a District insurance administrator in conjunction with the third party administrator.

The District uses an internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a medical/surgical plan with a \$200 single and \$400 family deductible. The District purchases stop-loss coverage of \$75,000 per individual per year. The District pays into the self-insurance fund \$582 for family coverage or \$289 for individual coverage per month which represents the entire premium required. The premium is paid by the fund that pays the salary for the employee and is based on historical cost information. Dental coverage is also provided on a self-insured basis by the District with CoreSource, Inc., serving as the third party administrator. Premiums for this coverage are \$52 for family coverage or \$25 for individual coverage. The District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document.

The claims liability of \$475,863 reported in the internal service fund at June 30, 2002, is based on an estimate provided by the third party administrator. The requirements of Governmental Accounting Standards Board Statement No. 30 require that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount in 2001 and 2002 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2001	\$352,022	\$1,423,798	\$1,322,363	\$453,457
2002	453,457	1,342,652	1,320,246	475,863

**Note 11—Defined Benefit Plans**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System, (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement benefits and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 4.2 percent of annual covered salary was the portion used to fund

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 11—Defined Benefit Plans (Continued)**

pension obligations. For fiscal year 2002, 4.2 percent was used to fund pensions obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$317,571, \$286,156, and \$277,777, respectively. A total of 58 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. The amount of \$229,629 represents the unpaid contribution for fiscal year 2002 and is reflected as an intergovernmental payable.

**B. State Teachers Retirement System**

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

For the fiscal year ended June 30, 2002, plan members were required to contribute 9.3 percent of their annual covered salaries. The District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$1,158,622, \$1,124,121, and \$1,037,237, respectively; 97.7 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. The sum of \$28,790 represents the unpaid contribution for fiscal year 2002.

**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, 2002, two of the members of the Board of Education have elected Social Security. The Boards' liability is 6.2 percent of wages paid.

**Note 12—Postemployment Benefits**

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

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 12—Postemployment Benefits (Continued)**

STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$306,776 for fiscal year 2002.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 9.8 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, prorated for portion service credit. For fiscal year 2002, the minimum pay was established at \$12,4000. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$372,338.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is xxx percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2001 (the latest information available), were \$161,439,934, and the target level was \$242.2 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**Note 13—Other Employee Benefits**

District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency.

The District provides life insurance and accidental death and dismemberment insurance to its employees. Term life insurance coverage is \$20,000 with an additional \$20,000 of accidental death and dismemberment coverage for certified and non-certified staff. For administrators, coverage is calculated at \$1,000 for every \$1,000 earned with a maximum of \$50,000. Coverage is provided by Guardian Life Insurance Company of America.

An additional employee benefit which is offered through the District is vision insurance coverage through Vision Service Plan, Inc.

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 14—Long-Term Liabilities**

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

	<u>Principal Outstanding 6/30/01</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding 6/30/02</u>	<u>Amounts Due in One Year</u>
General Obligation Bonds:					
2002 School Improvements					
Serial Bonds - 2.25-4.5%	\$ 0	\$3,880,000	\$0	\$3,880,000	\$280,000
Term Bonds - 5.25-5.75%	0	14,620,000	0	14,620,000	0
Serial/Term Bond Premium	0	228,153	2,037	226,116	8,148
Term Bond Discount	0	(74,000)	(661)	(73,339)	(2,643)
Total General Obligation Bonds	<u>0</u>	<u>18,654,153</u>	<u>1,376</u>	<u>18,652,777</u>	<u>285,505</u>
Note Payables:					
Asbestos Loan, 1989, \$144,946 - 0%	43,552	0	8,053	35,499	8,053
Energy Conservation Loan, 1993, \$806,319 - 5.06%	103,200	0	103,200	0	0
Compensated Absences	1,024,646	26,247	115,473	935,420	33,475
Capital Lease - Copiers	<u>11,751</u>	<u>165,974</u>	<u>37,265</u>	<u>140,460</u>	<u>38,314</u>
Total Long-Term Liabilities	<u>\$1,183,149</u>	<u>\$18,846,374</u>	<u>\$265,367</u>	<u>\$19,764,156</u>	<u>\$365,347</u>

The Asbestos Loan was for asbestos abatement projects throughout the District. The Energy Conservation Loan was for replacement of doors and windows throughout the District and will be repaid from the General Fund. Compensated absences will be paid from the fund from which the person is paid. The capital lease is for copiers throughout the District. The 2002 School Improvement Bonds were issued in the par amount of \$18,500,000 at variable interest rates between 2.25 and 5.25 percent for the purpose of constructing a new middle school and making additions and improvements to the high school. New furnishing and equipment will be part of both projects. These general obligations will be paid from the debt service fund.

On March 18, 2002, the District issued \$18,500,000 in voted general obligation bonds to pay the local share of the school construction under the state of Ohio Classroom Facilities Assistance Program, as part of the Expedited Local Partnership Program. The bond issue included serial and term bonds in the amount of \$3,880,000 and \$14,620,000 respectively. The bonds are being retired from the Debt Service Fund. The serial and a portion of the term bonds were sold at a premium of \$228,153, with a portion of the term bonds being sold at a discount of \$74,000, both of which will be amortized over the life of the bonds. Issuance costs associated with the bond issue were \$91,545 and are deferred and will be amortized over the life of the bond issue. The bonds were issued for a 28-year period with a final maturity at December 1, 2029. In connection with the passage of the bond issue, the District also passed a half-mill levy for the maintenance of the new building. The District must maintain a maintenance plan and submit it to the Ohio School Facilities Commission every 5 years for the term of the bond.

The term bonds maturing on December 1, 2016, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the District. The mandatory redemption is to occur on December 1 in each of the years 2014 through 2015 (with the balance of \$470,000 to be paid at stated maturity on December 1, 2016) at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Amount</u>
2014	\$365,000
2015	420,000

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 14—Long-Term Liabilities (Continued)**

The term bonds maturing on December 1, 2019, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the District. The mandatory redemption is to occur on December 1 in each of the years 2017 through 2018 (with the balance of \$660,000 to be paid at stated maturity on December 1, 2009), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Amount</u>
2017	\$530,000
2018	595,000

The term bonds maturing on December 1, 2021, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the District. The mandatory redemption is to occur on December 1, 2020 (with the balance of \$815,000 to be paid at stated maturity on December 1, 2021), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Amount</u>
2020	\$735,000

The term bonds maturing on December 1, 2029, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the District. The mandatory redemption is to occur on December 1 in each of the years 2022 through 2028 (with the balance of \$1,660,000 to be paid at stated maturity on December 1, 2029), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Amount</u>
2022	\$900,000
2023	985,000
2024	1,080,000
2025	1,180,000
2026	1,290,000
2027	1,405,000
2028	1,530,000

At June 30, 2002, the District's overall legal debt margin was \$5,878,040, with an unvoted debt margin of \$262,855. Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2002, are as follows:

<u>Fiscal Year</u>	<u>Asbestos Loan</u>		<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Principal</u>		<u>Principal</u>	<u>Interest</u>	
2003	\$8,053		\$280,000	\$922,080	\$1,210,133
2004	8,053		235,000	916,580	1,159,633
2005	8,053		320,000	909,430	1,237,483
2006	8,053		360,000	898,780	1,266,833
2007	3,287		405,000	886,045	1,294,332
2008–2012	0		1,520,000	4,259,786	5,779,786
2013–2017	0		2,015,000	3,848,140	5,863,140
2018–2022	0		3,335,000	3,146,090	6,481,090
2023–2027	0		5,435,000	1,970,714	7,405,714
2028–2030	0		4,595,000	375,245	4,970,245
<b>Totals</b>	<b>\$35,499</b>		<b>\$18,500,000</b>	<b>\$18,132,890</b>	<b>\$36,668,389</b>

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 15—Capital Leases—Lessee Disclosure**

During fiscal year 2002, the District entered into a capital lease with Toshiba for 9 new copiers and completed payment on leases from prior years. Capital lease payment have been reclassified and are reflected as general fund expenditures in the financial statements. They are presented as current expenditures in the budgetary statements. Capital Assets acquired by lease have been capitalized in the amount of \$165,974, the fair market value of the assets at the time the lease was entered into. Accumulated depreciation on the assets is \$18,944, leaving a book value of \$147,030. The following is a schedule of the future minimum lease payments required under the capital lease. Principal payments in fiscal year 2002 totaled \$37,265.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2003	\$30,243	\$10,125
2004	32,748	7,622
2005	35,460	4,908
2006	42,009	1,997
	<u>\$140,460</u>	<u>\$24,652</u>

**Note 16—Notes Payable**

During fiscal year 2002 the District issued \$18,500,000 of bond anticipation notes at 2.28–2.54 percent rate for the facilities construction project. These notes were fully retired during fiscal year 2002 through the issuance of general obligation bonds.

**Note 17—Contingent Liabilities**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally required compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2002.

**B. Litigation**

The District had no pending litigation as of June 30, 2002.

**Note 18—Jointly Governed Organizations and Public Entity Risk Pool**

**A. Jointly Governed Organizations**

**Licking Area Computer Association**—Licking Area Computer Association (LACA) is a jointly governed organization of a two-county consortium of school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports LACA based upon a per pupil charge dependent upon the software package utilized. LACA is

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 18—Jointly Governed Organizations and Public Entity Risk Pool (Continued)**

governed by a Board of Directors consisting of the superintendents of member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board. The Board consists of one representative from each of the participating 14 school districts. For fiscal year 2002, the District paid \$30,826 for services.

**Mid-East Ohio Joint Vocational School District**—The Mid-East Ohio Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the 13 participating school districts' elected boards. The Board possesses its own budgeting and taxing authority. The Board controls the financial activity of the Joint Vocational School District. To obtain financial information, write to the Mid-East Ohio Vocational School District, Rick White, Treasurer, at 1965 Chandlersville Road, Zanesville, Ohio 43701.

**B. Public Entity Risk Pool**

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

**Note 19—Set-Aside Calculations, Restricted Assets, and Fund Reserves**

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

Senate Bill 345, effective April 10, 2001, eliminated future set-aside requirements for the budget stabilization, reduced requirements related to the current set-aside, and placed restrictions on current budget stabilization money relating to the worker's compensation refunds. A district may still establish reserve balance accounts consistent with Section 5705.13, Ohio Revised Code, if it so chooses; however, the requirement is no longer mandatory.

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

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 19—Set-Aside Calculations, Restricted Assets, and Fund Reserves (Continued)**

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balances as of June 30, 2001	\$ 0	\$ 0	\$76,359
Current Year Set-aside Requirement	365,835	365,835	0
Offsetting Revenues/Transfers	0	(558,286)	0
Building Fund	0	(18,500,000)	0
Qualifying Disbursements	(365,835)	(365,835)	0
Totals	<u>\$ 0</u>	<u>(\$19,058,286)</u>	<u>\$76,359</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Set-aside Cash Balance as of June 30,2002	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$76,359</u>

Although the District had qualifying disbursements during the fiscal year that reduced the set-aside amount to zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years.

**Note 20—School Funding**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

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

**Note 21—Investment Trust Fund**

The District serves as a fiscal agent for the Ohio Coalition of Equity and Adequacy of School Funding, a legally separate entity. The District pools the moneys of the entity with its own for investment purposes at fair value, along with the pro rata share of the interest that it earns. The investment trust fund is not registered with the SEC as an investment company. The fair value of investments is determined annually. The pool does not issue shares.



**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 21—Investment Trust Fund - Continued**

Each participant is allocated a pro rata share of each investment of the interest that it earns. The carrying amount and fair value for both the internal and external portion of the investment pool are disclosed in Note 6, Deposits and Investments. Condensed financial information for the investment pool follows:

**Statement of Net Assets  
June 30, 2002**

<i>Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$7,473,723
Cash and Cash Equivalents in Segregated Accounts	558,590
Investments in Segregated Accounts	17,669,900
Accrued Interest Receivable	73,752
<i>Total Assets</i>	<u>\$25,775,965</u>
<i>Net Assets Held in Trust for Pool Participants:</i>	
Internal Portion	\$25,671,968
External Portion	103,997
<i>Total Net Assets Held in Trust for Pool Participants</i>	<u>\$25,775,965</u>

**Statement of Changes in Net Assets  
For the Fiscal Year Ended June 30, 2002**

<i>Additions:</i>	
Interest Income	<u>\$421,309</u>
Total Additions	\$421,309
<i>Deductions:</i>	
Operating Deductions	<u>(\$4,241)</u>
Net Increase in Assets Resulting from Operations	\$417,068
Distributions to participants	
Distributions paid	(351,798)
Capital Transactions	<u>20,096,871</u>
Total Increase in Net Assets	\$20,162,141
Net Assets Beginning of Year	<u>\$5,613,824</u>
<i>Net Assets End of Year</i>	<u>\$25,775,965</u>

At fiscal year end, the carrying amount of the pool's deposits was \$103,997 and the bank balance was \$117,633. Of the bank balance, \$100,000 was covered by federal depository insurance and \$17,633 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

# Tri-Valley Local School District

Combining Statements of Nonmajor Governmental Funds

## Fund Descriptions

### Nonmajor Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Following is a description of the District's nonmajor special revenue funds:

#### *Local Fund*

These funds account for monies received to promote community involvement and to support activities between the school and the community.

#### *State Fund*

These funds are used to account for development of certified staff, peer assistance review plans, research and demonstration projects established by the State of Ohio, Department of Education, services to disadvantaged pupils, and reading proficiency.

#### *Federal Fund*

These funds account for monies used to improve the skills of teachers, increase the access of all students to instruction, assistance in the identification of handicapped children, implementation of alternative service patterns, assistance in meeting the special needs of educationally deprived children, implementation of gifted and talented programs, support of education improvement goals, and implementation and operation of drug abuse prevention programs.

#### *Food Service Fund*

This fund accounts for the financial transactions related to the food service operations of the District.

### Nonmajor Debt Service Fund

The Debt Service Fund is a fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

### Nonmajor Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Following is a description of the nonmajor capital projects funds:

#### *Permanent Improvement Fund*

This fund accounts for the acquisition, construction, or improvement of capital facilities.

#### *State Funded Technology Projects Fund*

These funds account for the building and equipping of classroom facilities, the SchoolNet program and the interactive video distance learning project.

TRI-VALLEY LOCAL SCHOOL DISTRICT

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2002**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,365,406	\$342,472	\$2,218,775	\$3,926,653
Receivables:				
Taxes	0	1,082,594	100,408	1,183,002
Accounts	24,982	0	0	24,982
Intergovernmental	411,062	0	0	411,062
Prepaid Items	826	0	0	826
Materials and Supplies Inventory	10,957	0	0	10,957
<b>Total Assets</b>	<b>\$1,813,233</b>	<b>\$1,425,066</b>	<b>\$2,319,183</b>	<b>\$5,557,482</b>
<b>Liabilities and Fund Equity:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$10,918	\$ 0	\$25,567	\$36,485
Accrued Wages and Benefits	39,611	0	0	39,611
Intergovernmental Payable	8,590	0	0	8,590
Deferred Revenue	399,134	703,991	57,385	1,160,510
<b>Total Liabilities</b>	<b>\$458,253</b>	<b>\$703,991</b>	<b>\$82,952</b>	<b>\$1,245,196</b>
<b>Fund Equity:</b>				
<b>Fund Balances:</b>				
Reserved for Encumbrances	\$124,730	\$ 0	\$69,636	\$194,366
Reserved for Property Taxes	0	378,603	43,023	421,626
<b>Unreserved, Undesignated, Reported in:</b>				
Special Revenue Funds	1,230,250	0	0	1,230,250
Debt Service Funds	0	342,472	0	342,472
Capital Projects Funds	0	0	2,123,572	2,123,572
<b>Total Fund Equity</b>	<b>\$1,354,980</b>	<b>\$721,075</b>	<b>\$2,236,231</b>	<b>\$4,312,286</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$1,813,233</b>	<b>\$1,425,066</b>	<b>\$2,319,183</b>	<b>\$5,557,482</b>

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2002**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Fund</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>				
Taxes	\$ 0	\$1,000,867	\$101,309	\$1,102,176
Intergovernmental	1,422,531	0	88,540	1,511,071
Interest	5,157	0	0	5,157
Extracurricular Activities	229,868	0	0	229,868
Gifts and Donations	4,300	0	0	4,300
Charges for Services	205,430	0	0	205,430
Miscellaneous	14,626	0	0	14,626
<b>Total Revenues</b>	<b>\$1,881,912</b>	<b>\$1,000,867</b>	<b>\$189,849</b>	<b>\$3,072,628</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction:				
Regular	\$441,142	\$ 0	\$71,324	\$512,466
Special	446	0	0	446
Support Services:				
Pupils	4,049	0	0	4,049
Instructional Staff	6,058	0	0	6,058
Board of Education	0	15,320	1,135	16,455
Administration	62,254	0	0	62,254
Operation and Maintenance of Plant	0	0	16,283	16,283
Pupil Transportation	10,720	0	0	10,720
Food Service Operations	735,836	0	0	735,836
Extracurricular Activities	159,498	0	0	159,498
Capital Outlay	0	0	8,100	8,100
<b>Debt Service:</b>				
Principal Retirement	0	111,253	0	111,253
Interest and Fiscal Charges	0	221,868	0	221,868
<b>Total Expenditures</b>	<b>\$1,420,003</b>	<b>\$348,441</b>	<b>\$96,842</b>	<b>\$1,865,286</b>
Excess of Revenues Over Expenditures	\$461,909	\$652,426	\$93,007	\$1,207,342
<b>Other Financing Sources:</b>				
Transfers - In	\$ 0	\$ 0	\$500,000	\$500,000
<b>Total Other Financing Sources</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$500,000</b>	<b>\$500,000</b>
Net Change in Fund Balance	\$461,909	\$652,426	\$593,007	\$1,707,342
Fund Balances at Beginning of Year	893,071	\$68,649	1,643,224	\$2,604,944
<b>Fund Balances at End of Year</b>	<b>\$1,354,980</b>	<b>\$721,075</b>	<b>\$2,236,231</b>	<b>\$4,312,286</b>

TRI-VALLEY LOCAL SCHOOL DISTRICT

**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
 June 30, 2002

	<u>Local</u>	<u>State</u>	<u>Federal</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$167,251	\$277,706	\$716,967
Accounts Receivable	0	0	0
Intergovernmental Receivable	0	0	411,062
Prepaid Items	0	0	0
Materials and Supplies Inventory	0	0	0
<b>Total Assets</b>	<b>\$167,251</b>	<b>\$277,706</b>	<b>\$1,128,029</b>
<b>Liabilities and Fund Equity:</b>			
<b>Liabilities:</b>			
Accounts Payable	6,523	\$3,866	\$ 0
Accrued Wages and Benefits	0	0	0
Intergovernmental Payable	0	0	0
Deferred Revenue	0	0	399,134
<b>Total Liabilities</b>	<b>\$6,523</b>	<b>\$3,866</b>	<b>\$399,134</b>
<b>Fund Equity:</b>			
Fund Balance:			
Reserved for Encumbrances	\$34,379	\$29,312	\$14,226
Unreserved	126,349	244,528	714,669
<b>Total Fund Equity</b>	<b>\$160,728</b>	<b>\$273,840</b>	<b>\$728,895</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$167,251</b>	<b>\$277,706</b>	<b>\$1,128,029</b>

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

<b>Food Service</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$203,482	\$1,365,406
24,982	24,982
0	411,062
826	826
10,957	10,957
\$240,247	\$1,813,233

\$529	\$10,918
39,611	39,611
8,590	8,590
0	399,134
\$48,730	\$458,253

\$46,813	\$124,730
144,704	1,230,250
\$191,517	\$1,354,980
\$240,247	\$1,813,233

TRI-VALLEY LOCAL SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2002**

	<u>Local</u>	<u>State</u>	<u>Federal</u>
<b>Revenues:</b>			
Intergovernmental	\$ 0	\$113,339	\$757,969
Interest	0	0	0
Extracurricular Activities	229,868	0	0
Gifts and Donations	4,300	0	0
Charges for Services	0	0	0
Miscellaneous	13,269	0	0
<b>Total Revenues</b>	<b>\$247,437</b>	<b>\$113,339</b>	<b>\$757,969</b>
<b>Expenditures:</b>			
Current:			
Instruction -			
Regular	\$18,285	\$95,619	\$327,238
Special	0	300	146
Support Services -			
Pupils	1,529	2,520	0
Instructional Staff	0	0	6,058
Administration	61,339	915	0
Central	8,346	2,374	0
Food Service Operations	0	0	0
Extracurricular Activities	159,498	0	0
<b>Total Expenditures</b>	<b>\$248,997</b>	<b>\$101,728</b>	<b>\$333,442</b>
Net Change in Fund Balance	(\$1,560)	\$11,611	\$424,527
Fund Balances at Beginning of Year	162,288	262,229	304,368
<b>Fund Balances at End of Year</b>	<b>\$160,728</b>	<b>\$273,840</b>	<b>\$728,895</b>



**TRI-VALLEY LOCAL SCHOOL DISTRICT**

<b>Food Service</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$551,223	\$1,422,531
5,157	5,157
0	229,868
0	4,300
205,430	205,430
1,357	14,626
\$763,167	\$1,881,912
\$ 0	\$441,142
0	446
0	4,049
0	6,058
0	62,254
0	10,720
735,836	735,836
0	159,498
\$735,836	\$1,420,003
\$27,331	\$461,909
164,186	893,071
\$191,517	\$1,354,980

TRI-VALLEY LOCAL SCHOOL DISTRICT

**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
 June 30, 2002

	<u>Permanent Improvement</u>	<u>State Funded Technology Projects</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,098,706	\$120,069	\$2,218,775
Taxes Receivable	100,408	0	100,408
<b>Total Assets</b>	<b>\$2,199,114</b>	<b>\$120,069</b>	<b>\$2,319,183</b>
<b>Liabilities and Fund Equity:</b>			
<b>Liabilities:</b>			
Accounts Payable	\$13,840	\$11,727	\$25,567
Deferred Revenue	57,385	0	57,385
<b>Total Liabilities</b>	<b>\$71,225</b>	<b>\$11,727</b>	<b>\$82,952</b>
<b>Fund Equity:</b>			
Fund Balances:			
Reserved for Encumbrances	\$ 0	\$69,636	\$69,636
Reserved for Property Taxes	43,023	0	43,023
Unreserved	2,084,866	38,706	2,123,572
<b>Total Fund Equity</b>	<b>\$2,127,889</b>	<b>\$108,342</b>	<b>\$2,236,231</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$2,199,114</b>	<b>\$120,069</b>	<b>\$2,319,183</b>

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended June 30, 2002**

	<u>Permanent Improvement</u>	<u>State Funded Technology Projects</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Revenues:</b>			
Taxes	\$101,309	\$ 0	\$101,309
Intergovernmental	0	88,540	88,540
<b>Total Revenues</b>	<b>\$101,309</b>	<b>\$88,540</b>	<b>\$189,849</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction -</b>			
Regular	\$ 0	\$71,324	\$71,324
<b>Support Services -</b>			
Board of Education	\$1,135	\$ 0	\$1,135
Operation and Maintenance of Plant	16,283	0	16,283
Capital Outlay	\$8,100	\$ 0	\$8,100
<b>Total Expenditures</b>	<b>\$25,518</b>	<b>\$71,324</b>	<b>\$96,842</b>
Excess of Revenues Over Expenditures	\$75,791	\$17,216	\$93,007
<b>Other Financing Sources:</b>			
Transfers In	\$500,000	\$ 0	\$500,000
<b>Total Other Financing Sources</b>	<b>\$500,000</b>	<b>\$ 0</b>	<b>\$500,000</b>
Net Change in Fund Balance	\$575,791	\$17,216	\$593,007
Fund Balances at Beginning of Year	1,552,098	91,126	1,643,224
<b>Fund Balances at End of Year</b>	<b>\$2,127,889</b>	<b>\$108,342</b>	<b>\$2,236,231</b>

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**TRI-VALLEY LOCAL SCHOOL DISTRICT**

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**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
For the Fiscal Year Ended June 30, 2002

	Beginning Balance 7/1/01	Additions	Reductions	Ending Balance 6/30/02
<b><i>Student Managed Activities</i></b>				
<b><i>Assets:</i></b>				
Equity in Pooled Cash and Cash Equivalents	\$90,772	\$191,283	\$197,306	\$84,749
<b><i>Total Assets</i></b>	<b>\$90,772</b>	<b>\$191,283</b>	<b>\$197,306</b>	<b>\$84,749</b>
<b><i>Liabilities:</i></b>				
Due to Students	\$90,772	\$191,283	\$197,306	\$84,749
<b><i>Total Liabilities</i></b>	<b>\$90,772</b>	<b>\$191,283</b>	<b>\$197,306</b>	<b>\$84,749</b>

# Tri-Valley Local School District

Individual Fund Schedules of Revenues, Expenditures/Expenses and  
Changes in Fund Balances—Budget (Non-GAAP Basis) and Actual

TRI-VALLEY LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund**

For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance Over (Under)
<b>Revenues:</b>			
Intergovernmental	\$11,145,326	\$11,145,326	\$ 0
Interest	149,532	149,532	0
Tuition and Fees	36,724	36,724	0
Rentals	355	355	0
Extracurricular Activities	79,582	79,582	0
Taxes	5,587,219	5,587,219	0
Miscellaneous	73,358	73,358	0
<b>Total Revenues</b>	<b>\$17,072,096</b>	<b>\$17,072,096</b>	<b>\$ 0</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction -</b>			
<b>Regular:</b>			
Salaries and Wages	\$6,437,792	\$6,437,792	\$ 0
Fringe Benefits	1,502,353	1,502,353	0
Purchased Services	58,795	58,795	0
Materials and Supplies	633,297	633,297	0
Other	66,967	66,967	0
Capital Outlay - New	166,112	166,112	0
Capital Outlay - Replacement	32,998	32,998	0
<b>Total Regular</b>	<b>\$8,898,314</b>	<b>\$8,898,314</b>	<b>\$ 0</b>
<b>Special:</b>			
Salaries and Wages	\$726,407	\$726,407	\$ 0
Fringe Benefits	186,887	186,887	0
Purchased Services	71,058	71,058	0
Materials and Supplies	22,157	22,157	0
Capital Outlay - New	5,745	5,745	0
<b>Total Special</b>	<b>\$1,012,254</b>	<b>\$1,012,254</b>	<b>\$ 0</b>
<b>Vocational:</b>			
Salaries and Wages	\$204,687	\$204,687	\$ 0
Fringe Benefits	59,286	59,286	0
Purchased Services	8,386	8,386	0
Materials and Supplies	42,198	42,198	0
Capital Outlay - New	8,321	8,321	0
<b>Total Vocational</b>	<b>\$322,878</b>	<b>\$322,878</b>	<b>\$ 0</b>

TRI-VALLEY LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund (Continued)**  
For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance Over (Under)
<i>Instruction (Continued)</i>			
<i>Other:</i>			
Fringe Benefits	\$2,020	\$2,020	\$ 0
<b>Total Other</b>	<b>\$2,020</b>	<b>\$2,020</b>	<b>\$ 0</b>
<b>Total Instruction</b>	<b>\$10,235,466</b>	<b>\$10,235,466</b>	<b>\$ 0</b>
<i>Support Services -</i>			
<i>Pupils:</i>			
Salaries and Wages	\$303,314	\$303,314	\$ 0
Fringe Benefits	59,657	59,657	0
Purchased Services	738	738	0
Materials and Supplies	10,653	10,653	0
Other	618	618	0
Capital Outlay - New	3,787	3,787	0
<b>Total Pupils</b>	<b>\$378,767</b>	<b>\$378,767</b>	<b>\$ 0</b>
<i>Instructional Staff:</i>			
Salaries and Wages	\$316,835	\$316,835	\$ 0
Fringe Benefits	96,238	96,238	0
Purchased Services	18,584	18,584	0
Materials and Supplies	41,408	41,408	0
Other	3,431	3,431	0
Capital Outlay - New	7,943	7,943	0
Capital Outlay - Replacement	3,541	3,541	0
<b>Total Instructional Staff</b>	<b>\$487,980</b>	<b>\$487,980</b>	<b>\$ 0</b>
<i>Board of Education:</i>			
Salaries and Wages	\$5,200	\$5,200	\$ 0
Purchased Services	111,848	111,848	0
Other	635,734	635,734	0
Capital Outlay - New	167	167	0
Capital Outlay - Replacement	38,952	38,952	0
<b>Total Board of Education</b>	<b>\$791,901</b>	<b>\$791,901</b>	<b>\$ 0</b>

TRI-VALLEY LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund (Continued)**  
For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance Over (Under)
<b>Administration:</b>			
Salaries and Wages	\$1,175,742	\$1,175,742	\$ 0
Fringe Benefits	402,598	402,598	0
Purchased Services	133,800	133,800	0
Materials and Supplies	51,123	51,123	0
Capital Outlay - New	12,895	12,895	0
Capital Outlay - Replacement	5,972	5,972	0
<b>Total Administration</b>	<b>\$1,782,130</b>	<b>\$1,782,130</b>	<b>\$ 0</b>
<b>Fiscal:</b>			
Salaries and Wages	\$171,648	\$171,648	\$ 0
Fringe Benefits	144,972	144,972	0
Purchased Services	8,425	8,425	0
Materials and Supplies	3,638	3,638	0
Capital Outlay - New	2,718	2,718	0
<b>Total Fiscal</b>	<b>\$331,401</b>	<b>\$331,401</b>	<b>\$ 0</b>
<b>Operation and Maintenance of Plant:</b>			
Salaries and Wages	\$486,978	\$486,978	\$ 0
Fringe Benefits	219,504	219,504	0
Purchased Services	427,776	427,776	0
Materials and Supplies	180,002	180,002	0
Capital Outlay - New	24,921	24,921	0
Capital Outlay - Replacement	1,622	1,622	0
<b>Total Operation and Maintenance of Plant</b>	<b>\$1,340,803</b>	<b>\$1,340,803</b>	<b>\$ 0</b>



TRI-VALLEY LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund (Continued)**  
For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance Over (Under)
<b><i>Pupil Transportation:</i></b>			
Salaries and Wages	\$575,742	\$575,742	\$ 0
Fringe Benefits	272,570	272,570	0
Purchased Services	63,311	63,311	0
Materials and Supplies	201,877	201,877	0
Capital Outlay - New	4,344	4,344	0
Capital Outlay - Replacement	161,565	161,565	0
<b><i>Total Pupil Transportation</i></b>	<b>\$1,279,409</b>	<b>\$1,279,409</b>	<b>\$ 0</b>
<b><i>Central:</i></b>			
Salaries and Wages	\$52,757	\$52,757	\$ 0
Fringe Benefits	8,970	8,970	0
Purchased Services	3,139	3,139	0
Materials and Supplies	1,650	1,650	0
Capital Outlay - New	18,650	18,650	0
<b><i>Total Central</i></b>	<b>\$85,166</b>	<b>\$85,166</b>	<b>\$ 0</b>
<b><i>Total Support Services</i></b>	<b>\$6,477,557</b>	<b>\$6,477,557</b>	<b>\$ 0</b>
<b><i>Extracurricular Activities-</i></b>			
<b><i>Sports Oriented Activities:</i></b>			
Other	\$29,643	\$29,643	\$ 0
<b><i>Total Extracurricular Activities</i></b>	<b>\$29,643</b>	<b>\$29,643</b>	<b>\$ 0</b>
<b><i>Capital Outlay -</i></b>			
<b><i>Site Improvement Services:</i></b>			
Capital Outlay - New	\$241,137	\$241,137	\$ 0
<b><i>Total Capital Outlay</i></b>	<b>\$241,137</b>	<b>\$241,137</b>	<b>\$ 0</b>
<b><i>Total Expenditures</i></b>	<b>\$16,983,803</b>	<b>\$16,983,803</b>	<b>\$ 0</b>
Excess of Revenues Over Expenditures	\$88,293	\$88,293	\$ 0

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund (Continued)**  
For the Fiscal Year Ended June 30, 2002

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<i>Other Financing Sources (Uses):</i>			
Refund of Prior Year Expenditures	\$2,007	\$2,007	\$ 0
Operating Transfers Out	(500,000)	(500,000)	0
<hr/>			
<b><i>Total Other Financing Sources (Uses)</i></b>	(\$497,993)	(\$497,993)	\$ 0
<hr/>			
Net Change in Fund Balance	(\$409,700)	(\$409,700)	\$ 0
Fund Balance at Beginning of Year	1,757,578	1,757,578	0
Prior Year Encumbrances Appropriated	607,811	607,811	0
<hr/>			
<b><i>Fund Balance at End of Year</i></b>	\$1,955,689	\$1,955,689	\$ 0
<hr/>			

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Schedule of Revenues, Expenditures, and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Building Fund**

For the Fiscal Year Ended June 30, 2002

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues</b>			
Interest	\$62,259	\$62,259	\$ 0
<b>Total Revenues</b>	<b>\$62,259</b>	<b>\$62,259</b>	<b>\$ 0</b>
<b>Expenditures</b>			
<i>Capital Outlay:</i>			
Facilities Acquisition and Construction Services:			
Construction Services:			
<i>Site Improvement Services:</i>			
Capital Outlay–New	\$1,217,386	\$1,217,386	\$ 0
<b>Total Site Improvement Services</b>	<b>\$1,217,386</b>	<b>\$1,217,386</b>	<b>\$ 0</b>
<b>Total Capital Outlay</b>	<b>\$1,217,386</b>	<b>\$1,217,386</b>	<b>\$ 0</b>
<i>Debt Service:</i>			
Interest and Fiscal Charges	\$112,056	\$112,056	\$ 0
<b>Total Debt Service</b>	<b>\$112,056</b>	<b>\$112,056</b>	<b>\$ 0</b>
<b>Total Expenditures</b>	<b>\$1,329,442</b>	<b>\$1,329,442</b>	<b>\$ 0</b>
Excess of Revenues Under Expenditures	(\$1,267,183)	(\$1,267,183)	\$ 0
<i>Other Financing Sources:</i>			
Proceeds of Notes	\$18,500,000	\$18,500,000	\$ 0
<b>Total Other Financing Sources</b>	<b>\$18,500,000</b>	<b>\$18,500,000</b>	<b>\$ 0</b>
Net Change in Fund Balance	\$17,232,817	\$17,232,817	\$ 0
<b>Fund Balance at End of Year</b>	<b>\$17,232,817</b>	<b>\$17,232,817</b>	<b>\$ 0</b>

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Local Fund**

For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance Over (Under)
<b>Revenues:</b>			
Extracurricular Activities	\$229,868	\$229,868	\$ 0
Gifts and Donations	4,300	4,300	0
Miscellaneous	13,269	13,269	0
<b>Total Revenues</b>	<b>\$247,437</b>	<b>\$247,437</b>	<b>\$ 0</b>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction -</i>			
<i>Regular:</i>			
Materials and Supplies	\$4,473	\$4,473	\$ 0
Other	11,121	11,121	0
Capital Outlay - New	3,109	3,109	0
<b>Total Instruction</b>	<b>\$18,703</b>	<b>\$18,703</b>	<b>\$ 0</b>
<i>Support Services -</i>			
<i>Pupils:</i>			
Other	\$1,744	\$1,744	\$ 0
<b>Total Instructional Staff</b>	<b>\$1,744</b>	<b>\$1,744</b>	<b>\$ 0</b>
<i>Administration:</i>			
Other	\$68,687	\$68,687	\$ 0
<b>Total Administration</b>	<b>\$68,687</b>	<b>\$68,687</b>	<b>\$ 0</b>
<i>Central:</i>			
Materials and Supplies	\$2,000	\$2,000	\$ 0
Other	9,136	9,136	0
<b>Total Central</b>	<b>\$11,136</b>	<b>\$11,136</b>	<b>\$ 0</b>
<b>Total Support Services</b>	<b>\$81,567</b>	<b>\$81,567</b>	<b>\$ 0</b>

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Local Fund (Continued)**

For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance Over (Under)
<i>Extracurricular Activities -</i>			
<i>Academic Oriented Activities</i>			
Other	\$38,456	\$38,456	\$ 0
<b>Total Academic Oriented Activities</b>	<b>\$38,456</b>	<b>\$38,456</b>	<b>\$ 0</b>
<i>Occupation Oriented Activities</i>			
Other	\$418	\$418	\$ 0
<b>Total Occupation Oriented Activities</b>	<b>\$418</b>	<b>\$418</b>	<b>\$ 0</b>
<i>Sport Oriented Activities</i>			
Other	\$136,591	\$136,591	\$ 0
<b>Total Sport Oriented Activities</b>	<b>\$136,591</b>	<b>\$136,591</b>	<b>\$ 0</b>
<i>School and Public Service Activities</i>			
Other	\$8,759	\$8,759	\$ 0
<b>Total School and Public Service Activities</b>	<b>\$8,759</b>	<b>\$8,759</b>	<b>\$ 0</b>
<b>Total Extracurricular Activities</b>	<b>\$184,224</b>	<b>\$184,224</b>	<b>\$ 0</b>
<b>Total Expenditures</b>	<b>\$284,494</b>	<b>\$284,494</b>	<b>\$ 0</b>
Net Change in Fund Balance	(\$37,057)	(\$37,057)	\$ 0
Fund Balance at Beginning of Year	126,321	126,321	0
Prior Year Encumbrances Appropriated	37,078	37,078	0
<b>Fund Balance at End of Year</b>	<b>\$126,342</b>	<b>\$126,342</b>	<b>\$ 0</b>

TRI-VALLEY LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
State Fund**

For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance Over (Under)
<b>Revenues:</b>			
Intergovernmental	\$113,339	\$113,339	\$ 0
<b>Total Revenues</b>	<b>\$113,339</b>	<b>\$113,339</b>	<b>\$ 0</b>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>Instruction -</i>			
<i>Regular:</i>			
Salaries and Wages	\$11,972	\$11,972	\$ 0
Purchased Services	40,796	40,796	0
Materials and Supplies	43,970	43,970	0
Capital Outlay - New	28,199	28,199	0
<b>Total Regular</b>	<b>\$124,937</b>	<b>\$124,937</b>	<b>\$ 0</b>
<i>Special:</i>			
Purchased Services	\$300	\$300	\$ 0
<b>Total Special</b>	<b>\$300</b>	<b>\$300</b>	<b>\$ 0</b>
<b>Total Instruction</b>	<b>\$125,237</b>	<b>\$125,237</b>	<b>\$ 0</b>
<i>Support Services -</i>			
<i>Pupils:</i>			
Purchased Services	\$2,520	\$2,520	\$ 0
<b>Total Pupils</b>	<b>\$2,520</b>	<b>\$2,520</b>	<b>\$ 0</b>
<i>Administration:</i>			
Capital Outlay - New	\$915	\$915	\$ 0
<b>Total Administration</b>	<b>\$915</b>	<b>\$915</b>	<b>\$ 0</b>

(Continued)

TRI-VALLEY LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
State Fund (Continued)**

For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance Over (Under)
<i>Central:</i>			
Purchased Services	\$2,374	\$2,374	\$ 0
<b><i>Total Central</i></b>	<b>\$2,374</b>	<b>\$2,374</b>	<b>\$ 0</b>
<b><i>Total Support Services</i></b>	<b>\$5,809</b>	<b>\$5,809</b>	<b>\$ 0</b>
<b><i>Total Expenditures</i></b>	<b>\$131,046</b>	<b>\$131,046</b>	<b>\$ 0</b>
Net Change in Fund Balance	(\$17,707)	(\$17,707)	\$ 0
Fund Balance at Beginning of Year	245,071	245,071	0
Prior Year Encumbrances Appropriated	45,539	45,539	0
<b><i>Fund Balance at End of Year</i></b>	<b>\$272,903</b>	<b>\$272,903</b>	<b>\$ 0</b>

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Federal Fund**

For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance Over (Under)
<b>Revenues:</b>			
Intergovernmental	\$476,289	\$476,289	\$ 0
<b>Total Revenues</b>	<b>\$476,289</b>	<b>\$476,289</b>	<b>\$ 0</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction -</b>			
<b>Regular:</b>			
Salaries and Wages	\$2,278	\$2,278	\$ 0
Materials and Supplies	43,279	43,279	0
<b>Total Regular Instruction</b>	<b>\$45,557</b>	<b>\$45,557</b>	<b>\$ 0</b>
<b>Instruction -</b>			
<b>Special:</b>			
Materials and Supplies	\$146	\$146	\$ 0
<b>Total Special Instruction</b>	<b>\$146</b>	<b>\$146</b>	<b>\$ 0</b>
<b>Total Instruction</b>	<b>\$45,703</b>	<b>\$45,703</b>	<b>\$ 0</b>
<b>Support Services -</b>			
<b>Instructional Staff:</b>			
Salaries	\$2,253	\$2,253	\$ 0
Purchased Services	(507)	(507)	0
Materials and Supplies	4,312	4,312	0
Other	(938)	(938)	0
Capital Outlay - New	1,975	1,975	0
<b>Total Instructional Staff</b>	<b>\$7,095</b>	<b>\$7,095</b>	<b>\$ 0</b>
<b>Total Support Services</b>	<b>\$7,095</b>	<b>\$7,095</b>	<b>\$ 0</b>
<b>Total Expenditures</b>	<b>\$52,798</b>	<b>\$52,798</b>	<b>\$ 0</b>
Net Change in Fund Balance	\$423,491	\$423,491	\$ 0
Fund Balance at Beginning of Year	275,670	275,670	0
Prior Year Encumbrances Appropriated	17,808	17,808	0
<b>Fund Balance at End of Year</b>	<b>\$716,969</b>	<b>\$716,969</b>	<b>\$ 0</b>



**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Schedule of Revenues, Expenditures, and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Food Service Fund**

For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance Over (Under)
<b>Revenues</b>			
Charges for Services	\$205,430	\$205,430	\$ 0
Interest	5,157	5,157	0
Miscellaneous	1,357	1,357	0
<b>Total Revenues</b>	<b>\$211,944</b>	<b>\$211,944</b>	<b>\$ 0</b>
<b>Expenditures</b>			
<i>Current:</i>			
<i>Food Service Operations</i>			
Salaries	\$249,689	\$249,689	\$ 0
Fringe Benefits	118,149	118,149	0
Purchased Services	73,126	73,126	0
Materials and Supplies	381,973	381,973	0
Other	215	215	0
Capital Outlay - New	3,271	3,271	0
Capital Outlay - Replacement	1,162	1,162	0
<b>Total Food Service Operations</b>	<b>\$827,585</b>	<b>\$827,585</b>	<b>\$ 0</b>
<b>Total Expenditures</b>	<b>\$827,585</b>	<b>\$827,585</b>	<b>\$ 0</b>
Excess of Revenues Under Expenditures	(\$615,641)	(\$615,641)	\$ 0
<b>Other Financing Sources</b>			
Federal and State Subsidies	\$595,438	\$595,438	\$ 0
<b>Total Other Financing Sources</b>	<b>\$595,438</b>	<b>\$595,438</b>	<b>\$ 0</b>
Net Change in Fund Balance	(\$20,203)	(\$20,203)	\$ 0
Fund Balance at Beginning of Year	138,150	138,150	0
Prior Year Encumbrances Appropriated	38,197	38,197	0
<b>Fund Balance at End of Year</b>	<b>\$156,144</b>	<b>\$156,144</b>	<b>\$ 0</b>

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Schedule of Revenues, Expenditures, and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Debt Service Fund**

For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance Over (Under)
<b>Revenues:</b>			
Taxes	\$622,264	\$622,264	\$ 0
Interest	72,248	0	(72,248)
<b>Total Revenues</b>	<b>\$694,512</b>	<b>\$622,264</b>	<b>(\$72,248)</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Support Services - Board of Education:</b>			
Other	\$15,320	\$15,320	\$ 0
<b>Total Support Services</b>	<b>\$15,320</b>	<b>\$15,320</b>	<b>\$ 0</b>
<b>Debt Service:</b>			
Principal Retirement	\$18,611,253	\$18,611,253	\$ 0
Interest and Fiscal Charges	294,116	292,186	(1,930)
Issuance Costs	0	91,545	91,545
<b>Total Debt Service</b>	<b>\$18,905,369</b>	<b>\$18,994,984</b>	<b>\$89,615</b>
<b>Total Expenditures</b>	<b>\$18,920,689</b>	<b>\$19,010,304</b>	<b>\$89,615</b>
Excess of Revenues Under Expenditures	(\$18,226,177)	(\$18,388,040)	(\$161,863)
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Bonds	\$18,500,000	\$18,500,000	\$ 0
Premium from Sale of Bonds	0	228,153	228,153
Accrued Interest from Sale of Bonds	0	7,710	7,710
Discount from Sale of Bonds	0	(74,000)	(74,000)
<b>Total Other Financing Sources (Uses)</b>	<b>\$18,500,000</b>	<b>\$18,661,863</b>	<b>\$161,863</b>
Net Change in Fund Balance	\$273,823	\$273,823	\$ 0
Fund Balance at Beginning of Year	68,655	68,655	0
<b>Fund Balance End of Year</b>	<b>\$342,478</b>	<b>\$342,478</b>	<b>\$ 0</b>

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Schedule of Revenues, Expenditures, and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Permanent Improvement Fund  
For the Fiscal Year Ended June 30, 2002**

	Final Budget	Actual	Variance Over (Under)
<b>Revenues:</b>			
Taxes	\$58,286	\$58,286	\$ 0
<b>Total Revenues</b>	<b>\$58,286</b>	<b>\$58,286</b>	<b>\$ 0</b>
<b>Expenditures:</b>			
<i>Support Services-</i>			
<i>Board of Education:</i>			
Other	\$1,135	\$1,135	\$ 0
<b>Total Board of Education</b>	<b>\$1,135</b>	<b>\$1,135</b>	<b>\$ 0</b>
<i>Operation of Plant Maintenance:</i>			
Capital Outlay—New	\$16,283	\$16,283	\$ 0
<b>Total Operation of Plant Maintenance</b>	<b>\$16,283</b>	<b>\$16,283</b>	<b>\$ 0</b>
<b>Total Support Services</b>	<b>\$17,418</b>	<b>\$17,418</b>	<b>\$ 0</b>
<i>Capital Outlay:</i>			
<i>Building Improvement Services</i>			
Capital Outlay—New	\$8,100	\$8,100	\$ 0
<b>Total Capital Outlay</b>	<b>\$8,100</b>	<b>\$8,100</b>	<b>\$ 0</b>
<b>Total Expenditures</b>	<b>\$25,518</b>	<b>\$25,518</b>	<b>\$ 0</b>
Excess of Revenues Over Expenditures	\$32,768	\$32,768	\$ 0
<b>Other Financing Sources:</b>			
Operating Transfers In	\$500,000	\$500,000	\$ 0
<b>Total Other Financing Sources</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$ 0</b>
Excess of Revenues and Other Financing Sources Over Expenditures	\$532,768	\$532,768	\$ 0
Fund Balance at Beginning of Year	1,552,097	1,552,097	0
<b>Fund Balance at End of Year</b>	<b>\$2,084,865</b>	<b>\$2,084,865</b>	<b>\$ 0</b>

TRI-VALLEY LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
State Funded Technology Projects Fund**

For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance Over (Under)
<b>Revenues:</b>			
Intergovernmental	\$88,540	\$88,540	\$ 0
<b>Total Revenues</b>	<b>\$88,540</b>	<b>\$88,540</b>	<b>\$ 0</b>
<b>Expenditures:</b>			
<i>Instruction -</i>			
<i>Regular:</i>			
Purchased Services	\$17,554	\$17,554	\$ 0
Materials and Supplies	8,713	8,713	0
Capital Outlay - New	114,694	114,694	0
<b>Total Instruction</b>	<b>\$140,961</b>	<b>\$140,961</b>	<b>\$ 0</b>
<b>Total Expenditures</b>	<b>\$140,961</b>	<b>\$140,961</b>	<b>\$ 0</b>
Net Change in Fund Balance	(\$52,421)	(\$52,421)	\$ 0
Fund Balance at Beginning of Year	76,026	76,026	0
Prior Year Encumbrances Appropriated	35	35	0
<b>Fund Balance at End of Year</b>	<b>\$23,640</b>	<b>\$23,640</b>	<b>\$ 0</b>

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**TRI-VALLEY LOCAL SCHOOL DISTRICT**

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**Schedule of Revenues, Expenditures, and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Self-Insurance Fund**

For the Fiscal Year Ended June 30, 2002

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues:</b>			
Charges for Services	\$1,716,782	\$1,716,782	\$ 0
<b>Total Revenues</b>	<b>\$1,716,782</b>	<b>\$1,716,782</b>	<b>\$ 0</b>
<b>Expenses:</b>			
Purchased Services	\$1,572,572	\$1,572,572	\$ 0
<b>Total Expenses</b>	<b>\$1,572,572</b>	<b>\$1,572,572</b>	<b>\$ 0</b>
Net Change in Fund Balance	\$144,210	\$144,210	\$ 0
Fund Balance at Beginning of Year	343,756	343,756	0
Prior Year Encumbrances Appropriated	41,607	41,607	0
<b>Fund Balance at End of Year</b>	<b>\$529,573</b>	<b>\$529,573</b>	<b>\$ 0</b>

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# Statistical Section







# Tri-Valley Local School District

The following statistical tables reflect social and economic data, financial trends, and fiscal capacity of the District.

**General Fund Expenditures by Function  
and Other Financing Uses  
Last Ten Fiscal Years**

	2002(1)	2001	2000	1999	1998
<b>INSTRUCTION:</b>					
Regular	\$9,065,918	\$7,831,588	\$7,101,386	\$6,496,845	\$6,757,487
Special	1,017,569	903,144	655,430	695,267	662,385
Vocational	308,644	261,496	249,117	234,097	202,496
Adult/Continuing	2,020	1,822	2,536	418	5,391
<b>SUPPORT SERVICES:</b>					
Pupils	374,761	376,608	248,928	262,128	246,378
Instructional Staff	487,803	382,613	353,734	327,499	313,226
Board of Education	728,422	127,729	528,181	565,915	351,618
Administration	1,694,179	1,703,108	1,544,732	1,327,188	1,351,430
Fiscal	334,088	305,421	269,636	208,788	244,455
Business	0	0	417	64	0
Operation & Maintenance of Plant	1,245,280	1,316,552	1,238,350	1,113,100	1,003,753
Pupil Transportation	1,246,696	1,467,757	1,133,924	1,105,310	923,733
Central	55,398	77,437	48,810	43,948	55,794
Extracurricular Activities	23,688	0	0	0	0
Capital Outlay	177,501	140,521	335,976	260,469	55,696
<b>DEBT SERVICE:</b>					
Principal Retirement	37,265	21,719	22,571	20,996	19,311
Interest and Fiscal Charges	11,484	2,084	3,663	4,774	6,458
<b>OTHER FINANCING USES</b>					
	500,000	500,000	51,459	865,182	0
<b>TOTAL</b>	\$17,310,716	\$15,419,599	\$13,788,433	\$13,532,341	\$12,199,675

(1) Includes modified accrual information only. Once sufficient years of full accrual information has been obtained, it will be included in a separate table.

Source: School District Financial Records

(Continued)

## TRI-VALLEY LOCAL SCHOOL DISTRICT

**General Fund Expenditures by Function  
and Other Financing Uses (Continued)  
Last Ten Fiscal Years**

	1997	1996	1995	1994	1993
<b>INSTRUCTION</b>					
Regular	\$6,502,682	\$5,838,324	\$5,477,730	\$5,382,704	\$5,196,376
Special	573,683	646,784	682,248	482,738	510,028
Vocational	223,991	204,934	219,928	210,948	218,881
Other/Unemployment Comp.	7,825	465	72	41	328
<b>SUPPORT SERVICES:</b>					
Pupils	244,261	241,024	269,251	269,880	233,787
Instructional Staff	292,774	259,064	262,432	285,620	214,891
Board of Education	392,108	417,154	379,072	313,152	318,929
Administration	1,333,182	1,244,471	1,166,827	1,054,915	937,587
Fiscal	200,979	181,276	175,395	172,479	149,710
Business	0	0	0	0	0
Operation & Maintenance of Plant	1,028,748	955,318	950,298	916,911	885,100
Pupil Transportation	1,011,664	831,908	862,158	734,262	771,632
Central	35,888	31,396	62,805	22,805	16,682
Business	0	0	0	0	0
Capital Outlay	156,633	68,085	69,002	151,588	66,946
<b>DEBT SERVICE:</b>					
Principal Retirement	16,520	5,190	3,497	5,604	3,457
Interest and Fiscal Charges	7,425	1,480	509	777	1,025
<b>OTHER FINANCING USES</b>	0	650,000	0	0	200,000
<b>TOTAL</b>	<b>\$12,028,363</b>	<b>\$11,576,873</b>	<b>\$10,581,224</b>	<b>\$10,004,424</b>	<b>\$9,725,359</b>

**General Fund Revenues By Source  
and Other Financing Sources  
Last Ten Fiscal Years**

	2002 (1)	2001	2000	1999	1998
Taxes	\$5,483,835	\$5,532,921	\$4,438,395	\$4,414,050	\$4,213,696
Intergovernmental	11,122,604	9,857,469	8,833,182	8,607,330	8,657,119
Interest	149,396	371,823	285,761	237,328	290,765
Tuition and Fees	36,724	0	0	0	0
Extracurricular Activities	79,582	14,361	15,073	49,124	40,903
Classroom Materials and Fees	0	0	0	0	0
Other Local Sources	75,720	100,630	119,848	88,267	147,362
Revenue in Lieu of Taxes	0	34	38,150	7,976	19,085
Other Financing Sources	165,974	0	0	590,078	31,401
<b>TOTAL</b>	<b>\$17,113,835</b>	<b>\$15,877,238</b>	<b>\$13,730,409</b>	<b>\$13,994,153</b>	<b>\$13,400,331</b>

(1) Includes modified accrual information only. Once sufficient years of full accrual information has been obtained, it will be included in a separate table.

Source: School District Financial Records

(Continued)

**General Fund Revenues By Source  
and Other Financing Sources (Continued)  
Last Ten Fiscal Years**

	1997	1996	1995	1994	1993
Taxes	\$3,659,588	\$3,639,308	\$3,340,480	\$3,138,187	\$2,916,282
Intergovernmental	7,662,760	7,660,215	7,379,297	6,864,845	6,557,109
Interest	193,483	224,287	196,482	121,448	124,097
Tuition	0	13,636	16,505	12,418	21,596
Extracurricular Activities	45,337	43,808	44,695	0	75
Classroom Materials and Fees	0	0	0	0	3,843
Other Local Sources	80,266	63,965	86,573	126,070	95,759
Revenue in Lieu of Taxes	410	410	410	376	376
Other Financing Sources	119,851	33,164	26,658	18,673	18,288
<b>TOTAL</b>	<b>\$11,761,695</b>	<b>\$11,678,793</b>	<b>\$11,091,100</b>	<b>\$10,282,017</b>	<b>\$9,737,425</b>

Source: School District Financial Records

**Property Tax Levies and Collections  
Last Ten Years**

Collection Year	Current Tax Levy	Current Tax Collection	Percent Collected	Delinquent Tax Collected	Total Tax Collections	Percent of Total Collections to Current Levies	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Current Tax Levy
2002	\$5,959,139	\$5,706,268	95.76%	\$177,174	\$5,883,442	98.73%	\$503,797	8.45%
2001	4,997,555	4,299,714	86.04	125,415	4,425,129	97.17	300,577	6.99
2000	4,740,761	4,638,556	97.84	148,336	4,786,892	99.04	194,343	5.35
1999	4,682,349	4,444,745	94.93	132,616	4,577,361	97.76	253,532	5.41
1998	4,486,759	4,480,480	99.86	120,756	4,601,236	102.55	206,833	4.61
1997	3,903,084	3,664,371	93.88	99,159	3,763,530	96.42	231,061	5.92
1996	3,616,738	3,574,101	98.82	99,608	3,673,709	101.57	216,557	5.99
1995	3,594,847	3,453,927	96.08	185,501	3,639,428	101.24	200,406	5.57
1994	3,289,491	3,194,627	97.12	130,179	3,324,806	101.07	216,453	6.58
1993	3,309,810	3,095,133	93.51	77,402	3,172,535	95.85	215,797	6.52

Source: Muskingum County Auditor and Coshocton County Auditor

Information is presented on a calendar year basis because that is the way it is maintained by the County Auditors.

**Assessed and Estimated Actual Values of Taxable Property  
(Muskingum and Coshocton Counties)  
Last Ten Years**

Collection Year	Real Property (1)		Public Utilities - Personal		Tangible Personal Property		Totals		
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2002	\$211,231,990	\$603,519,971	\$20,736,920	\$20,736,920	\$30,886,255	\$123,545,020	\$262,855,165	\$747,801,911	35%
2001	204,726,010	584,931,457	28,338,550	28,338,550	26,512,560	106,050,240	259,577,120	719,320,247	37
2000	156,318,600	446,624,571	26,747,200	26,747,200	21,287,330	85,149,320	204,353,130	558,521,091	37
1999	152,126,620	434,647,486	26,873,090	26,873,090	21,709,255	86,837,020	200,708,965	548,357,596	37
1998	147,804,160	422,297,660	26,002,780	26,002,780	19,473,105	55,637,443	193,280,045	503,937,823	38
1997	123,240,770	352,116,486	25,502,960	25,502,960	17,011,265	48,603,614	165,754,995	426,223,060	39
1996	118,143,760	337,553,600	25,520,140	25,520,140	11,756,440	47,025,760	155,420,340	410,099,500	38
1995	112,128,920	320,368,343	26,435,710	26,435,710	11,147,231	44,588,924	149,711,861	391,392,977	38
1994	91,887,800	262,536,571	25,777,040	25,777,040	7,888,882	31,555,528	125,553,722	319,869,139	39
1993	87,499,300	249,998,110	26,913,690	26,913,690	5,836,560	22,448,308	120,249,550	299,360,108	40

Source: Muskingum County Auditor and Coshocton County Auditor

(1) Real Property values include Public Utility Real Property

**Property Tax Rates - Direct and All Overlapping Governments  
(Per Thousand Dollars of Assessed Value)  
Last Ten Years**

School District	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Tri-Valley	\$35.55	\$35.55	\$35.55	\$35.55	\$35.55	\$35.55	\$35.55	\$35.55	\$35.55	\$40.45
<b>County Units</b>										
General Fund	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15
T. B. Clinic	.40	.40	.40	.40	.40	.40	.40	.40	.40	.40
Mental Retardation and Developmental Disabilities	3.00	3.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
County Home	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Mental Health	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Children Service	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Library Bond	.90	.90	.80	.80	.70	.70	.70	.70	.50	.10
Senior Services	0.00	0.00	0.00	0.00	0.00	.50	.50	.50	.50	.50
Sheriffs Operating	0.00	0.00	.50	.50	.50	.50	.50	.50	.50	.50
<b>TOTAL COUNTY</b>	<b>11.45</b>	<b>11.45</b>	<b>13.85</b>	<b>13.85</b>	<b>13.75</b>	<b>14.25</b>	<b>14.25</b>	<b>14.25</b>	<b>14.05</b>	<b>13.65</b>
<b>Special Districts</b>										
Muskingum County General Health District	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Joint Vocational School Districts</b>										
Mid-East Ohio (1)	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20

(1) Formerly Muskingum Area Joint Vocational School

(Continued)



**Property Tax Rates - Direct and All Overlapping Governments (Continued)**  
**(Per Thousand Dollars of Assessed Value)**  
**Last Ten Years**

<b>Corporations</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
Adamsville	\$2.65	\$2.65	\$2.65	\$2.65	\$2.65	\$2.65	\$2.65	\$2.65	\$2.65	\$2.65
Dresden - Cass Township	5.40	5.10	4.40	4.30	4.10	3.70	3.70	3.70	4.00	3.90
Dresden - Jefferson Township	6.35	6.05	5.35	5.25	5.05	4.65	4.65	4.65	4.95	4.85
Frazesburg - Jackson Township	8.15	8.15	8.15	8.15	5.15	5.15	5.15	5.15	7.15	7.15
<b>Townships</b>										
Adams	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
Cass	3.45	3.45	3.45	3.25	3.25	2.00	3.25	3.25	2.75	2.75
Falls	3.05	3.35	3.35	3.35	3.35	3.35	3.65	3.65	3.65	3.65
Jackson	4.65	4.65	4.65	6.65	6.65	6.85	6.85	6.85	6.85	6.85
Jefferson	3.90	3.90	3.90	3.40	3.40	3.40	3.40	3.40	2.40	2.40
Licking	5.75	5.75	5.75	5.75	5.75	6.25	6.25	6.25	6.25	4.75
Madison	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Muskingum	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Salem	3.55	3.55	3.55	3.55	3.55	3.55	3.55	3.55	3.55	3.55
Washington	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15
Zanesville	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40

Source: Muskingum County Auditor and Coshocton County Auditor

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**TRI-VALLEY LOCAL SCHOOL DISTRICT**


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**Ratio of Net General Obligation Bonded Debt to Assessed Value  
and Net General Obligation Bonded Debt Per Capita  
Last Ten Years**

Year	Net General Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
2002	\$17,778,975	\$262,855,165	15,446	14.78%	\$2,282.92
2001	0	259,577,120	15,446	0.00	0.00
2000	0	204,353,130	15,446	0.00	0.00
1999	0	200,708,965	13,726	0.00	0.00
1998	0	193,280,045	13,726	0.00	0.00
1997	0	165,754,995	13,726	0.00	0.00
1996	0	155,420,340	13,726	0.00	0.00
1995	0	149,711,861	13,726	0.00	0.00
1994	0	125,553,722	13,726	0.00	0.00
1993	0	120,249,550	13,726	0.00	0.00

(1) Includes all general obligation bonded debt payable from property taxes.

(2) Source: County Auditor

(3) Source: U.S. Bureau of Census, Census of Population.

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**TRI-VALLEY LOCAL SCHOOL DISTRICT**


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**Computation of Legal Debt Margin**

June 30, 2002

Assessed Valuation	\$262,855,165
Bonded Debt Limitation - 9% of Assessed Valuation (1)	23,656,965
Amount of Debt Applicable to Debt Limit	18,500,000
Amount Available in Debt Service Fund	721,025
Overall Debt Margin	<u>\$5,878,040</u>
Bonded Debt Limitation - .10% of Assessed Valuation (1)	\$262,855
Amount of Debt Applicable to Debt Limit	0
Unvoted Debt Margin	<u>\$262,855</u>

(1) Ohio Bond Law sets a limit of 9% of assessed value for all debt (voted and unvoted) and 1/10 of 1% for unvoted debt.

Source: Muskingum County Auditor and School District Financial Records

**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**Computation of Direct and Overlapping  
Net General Obligation Debt  
June 30, 2002**

<b>Political Subdivision</b>	<b>Net Debt Outstanding (1)</b>	<b>Percent Applicable to School District</b>	<b>Amount Applicable to School District</b>
Tri-Valley Local School District	\$ 17,778,975	100.00%	\$17,778,975
Muskingum County (2)	11,307,624	20.43	2,310,147
Mid-East Ohio Joint Vocational School	400,981	10.90	43,707
Overlapping Debt	\$11,708,605		\$2,353,854
Total Amount Applicable to School District	\$29,487,580	68.28%	\$20,132,829

Source: Muskingum County Auditor and Coshocton County Auditor

(1) Amount includes only general obligation bonds payable from property taxes.

(2) Outstanding debt balances as of December 31, 2001, the latest information available.

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**TRI-VALLEY LOCAL SCHOOL DISTRICT**


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**Ratio of Annual Debt Service Expenditures for General  
Obligation Bonded Debt to Total General Fund Expenditures  
Last Ten Fiscal Years**

Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures (1)	Ratio of Debt Service to General Fund Expenditures
2002	\$ 0	\$195,326	\$195,326	\$17,310,716	1.13%
2001	0	0	0	15,419,599	0.00
2000	0	0	0	13,788,433	0.00
1999	0	0	0	13,532,341	0.00
1998	0	0	0	12,199,675	0.00
1997	0	0	0	12,028,363	0.00
1996	0	0	0	11,576,873	0.00
1995	0	0	0	10,581,224	0.00
1994	0	0	0	10,004,424	0.00
1993	0	0	0	9,725,359	0.00

(1) Includes Other Financing Uses

Source: School District Financial Records

**Assessed Real Property Values, New Construction  
and Bank Deposits  
Last Ten Years**

Year	New Construction				Bank Deposits	Real Property Value				
	Agricultural/ Residential	Commercial/ Industrial	Total New Construction			Agricultural/ Residential	Commercial/ Industrial (1)	Public Utility	Total Taxable	Tax Exempt
2001	\$3,983,330	\$2,877,950	\$6,861,280	\$1,508,212,000	\$175,453,920	\$35,588,280	\$189,790	\$211,231,990	\$25,732,980	
2000	5,495,420	8,872,740	14,368,160	1,475,951,000	171,672,280	32,857,360	196,370	204,726,010	18,589,610	
1999	4,463,260	804,780	6,072,820	1,135,931,000	130,662,280	25,423,960	232,360	156,318,600	10,110,400	
1998	4,349,230	1,255,370	5,604,600	1,106,444,000	127,865,690	23,994,370	266,560	152,126,620	7,557,190	
1997	3,787,050	414,320	4,201,370	660,855,000	124,013,390	23,508,290	282,480	147,804,160	7,483,880	
1996	3,587,700	1,620,690	5,208,370	341,890,000	101,840,600	22,034,220	269,050	123,240,770	7,424,330	
1995	3,455,110	1,597,450	5,052,560	289,095,000	96,930,430	21,005,260	208,070	118,143,760	7,381,470	
1994	2,018,600	831,380	2,849,980	300,277,000	93,643,020	18,255,990	229,910	112,128,920	5,897,020	
1993	2,219,720	1,643,260	3,862,980	289,869,000	77,198,660	14,502,750	186,390	91,887,800	6,077,890	
1992	1,294,280	786,470	2,080,750	287,907,000	75,228,110	12,040,890	230,300	87,499,300	6,096,190	

(1) Amount includes mineral lands and rights.  
 Note: Table reflects tax year, not collection year.  
 Source: Muskingum County Auditor

**Demographic Statistics  
Last Ten Years**

Year	Population	Per Capita Income	Median Age	Education Level in Formal Schooling	School Enrollment	Unemployment Rate (%)
2001	15,446	\$27,330	33	13.0	3,077	5.90%
2000	15,446	27,231	33	12.8	3,068	5.80
1999	13,726	27,445	33	12.9	3,031	6.54
1998	13,726	21,686	33	12.9	2,983	6.97
1997	13,726	18,968	31	12.9	2,977	6.83
1996	13,726	18,204	32	13.0	2,983	7.99
1995	13,726	16,903	31	12.9	2,999	7.70
1994	13,726	15,795	31	12.9	2,930	6.20
1993	13,726	14,832	32	13.0	2,986	10.00
1992	13,726	14,739	32	13.0	2,880	9.42

Source: Bureau of the Census, District Records

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**TRI-VALLEY LOCAL SCHOOL DISTRICT**


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**Principal Property Taxpayers**

<b>Real Property</b>	<b>Assessed Valuation (1)</b>	<b>% of Total Assessed Valuation</b>
Longaberger Company	\$17,625,250	8.35%
Ohio Power Company	8,217,410	3.89
Columbus & Southern Power Company	2,614,300	1.24
Dominion Transmission	1,163,950	.55
MCI Telecommunications	1,283,220	.61
Columbia Gas Transmission	994,960	.47
National Gas and Oil	954,770	.45
Peabody Development	863,140	.41
Ohio Oil Gathering	848,550	.40
United Telephone Company of Ohio	826,670	.39
<b>Total Assessed Value</b>	<b>\$35,392,220</b>	<b>16.76%</b>
<b>Tangible Personal Property</b>		
Longaberger Company	\$24,404,370	47.27%
Beaver Excavating	597,600	1.16
Williams Management	596,430	1.16
TW Fanch One	558,390	1.08
Oxford Mining	469,530	.91
OMCO Building Corporation	432,330	.84
Shelly Materials	428,840	.83
R. F. Scurlock	363,170	.70
ICX Corporation	314,380	.61
Saint Gobain	257,010	.50
<b>Total Assessed Value</b>	<b>\$28,422,050</b>	<b>55.06%</b>

(1) Assessed values are for the 2002 collection year.

Source: Muskingum and Coshocton County Auditors



**Enrollment Statistics  
Last Ten Fiscal Years**

Year	General Fund Expenditures (1)	Average Daily Student Enrollment	Per Pupil Cost
2002	\$17,310,716	3,077	\$5,626
2001	15,419,599	3,068	5,026
2000	13,788,433	3,031	4,549
1999	13,532,341	2,983	4,536
1998	12,199,675	2,977	4,098
1997	12,028,363	2,983	4,032
1996	11,576,873	2,999	3,860
1995	10,581,224	2,930	3,611
1994	10,004,424	2,986	3,350
1993	9,725,359	2,880	3,377

Source: School District Financial Records.

(1) All years include other financing uses.

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**TRI-VALLEY LOCAL SCHOOL DISTRICT**


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**Teacher Education and Experience**  
 June 30, 2002

<b>Degree</b>	<b>Number of Teachers</b>	<b>Percentage of Total</b>
<i>Bachelor's Degree</i>	52	27%
<i>Bachelors with 150 hours</i>	65	33
<i>Master's Degree</i>	77	40
<i>Total</i>	194	100%

<b>Years of Experience</b>	<b>Number of Teachers</b>	<b>Percentage of Total</b>
<i>0 – 5</i>	57	29%
<i>6 – 10</i>	43	22
<i>11 and over</i>	94	49
<i>Total</i>	194	100%

Source: School District Personnel Records

**TRI-VALLEY LOCAL SCHOOL DISTRICT  
MUSKINGUM COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE:</u></b>						
Pass through Ohio Department of Education						
Nutrition Cluster						
National School Breakfast Program	n/a	10.553	\$ 16,636	\$ -	\$ 16,636	\$ -
National School Lunch Program	n/a	10.555	177,981	-	177,981	-
Food Distribution Program	n/a	10.550	-	71,003	-	69,793
Total Nutrition Cluster			194,617	71,003	194,617	69,793
<b>Total U.S. Department of Agriculture</b>			194,617	71,003	194,617	69,793
<b><u>U.S. DEPARTMENT OF EDUCATION:</u></b>						
Pass through Ohio Department of Education						
Title I Educationally Deprived Children	048876C1S102 048876C1S101	84.010	36,328 166,898 203,226	- - -	199,569 2,320 201,889	- - -
Title VI-B Special Education Assistance for handicapped Children	0488766BSF02P 0488766BSF01P	84.027	53,288 101,738 155,026	- - -	163,112 - 163,112	- - -
Drug Free Schools	048876DRS102 048876DRS101	84.186	2,582 8,532 11,114	- - -	11,735 - 11,735	- - -
Continous Improvement Grant	048876CI02 048876CI01 048876CI02L 048876CI02E	84.276	- 23 17,293 - 17,316	- - - -	1,078 - 4,865 30,376 36,319	- - - - -
Eisenhower Professional Dev. Grant	048876MSS102	84.281	13,262 13,262	- -	18,100 18,100	- -
Innovative Education Program Strategies	048876C2S102	84.298	4,485 4,485	- -	27,392 27,392	- -
Title VI-R Class Size Reduction	048876CRS102 048876CRS101	84.340	19,398 36,703 56,101	- - -	19,398 - 19,398	- - -
<b>Total U.S. Department of Education</b>			460,530	-	477,945	-
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>						
Pass through Ohio Department of MRDD						
CAFS-Medical Assistance	n/a	93.778	18,490	-	18,490	-
<b>Total U.S. Department of Health and Human Services</b>			18,490	-	18,490	-
<b>Total Federal Awards Expenditures</b>			\$ 673,637	\$ 71,003	\$ 691,052	\$ 69,793

See notes to Schedule of Federal Awards Expenditures.

## **NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

### **NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal awards programs. This schedule was prepared on a basis of cash receipts and disbursements.

### **NOTE B – FOOD DISTRIBUTION**

Federal funds were commingled with local food service funds. The first-in, first-out (FIFO) method was used for reporting federal funds.

Nonmonetary assistance amounts reflected are assigned market values for food commodities.

### **NOTE C – ASBESTOS LOAN**

The District has loan from the U.S. Environmental Protection Agency for the removal of asbestos. No interest is charged, payments are \$4,026 and made every six months. The balance at June 30, 2002 is \$35,499.

**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education  
Tri-Valley Local School District  
Dresden, Ohio

We have audited the basic financial statements of Tri-Valley Local School District as of and for the year ended June 30, 2002, and have issued our report thereon dated August 7, 2003, wherein we noted the District adopted Governmental Accounting Standards Board Statements 34,37, 38, and Interpretation 6. 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 Tri-Valley Local School District's basic 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 Accounting Standards*. However, we noted certain immaterial instances of noncompliance which we have reported to the management of Tri-Valley Local School District in a separate letter dated August 7, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Tri-Valley Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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 structure and its operations that we consider to be material weaknesses as defined above.

Report on Compliance and Internal Controls (Continued)  
Page 2

This report is intended for the information of the audit committee, management, and the Board of Education and is not intended to be and should not be used by anyone other than these specified parties.

**Wolfe, Wilson, & Phillips, Inc.**  
Zanesville, Ohio  
August 7, 2003

**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

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

Board of Education  
Tri-Valley Local School District  
Dresden, Ohio

**Compliance**

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Tri-Valley Local School 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 Tri-Valley Local School District's compliance with those requirements.

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

### **Internal Control Over Compliance**

The management of Tri-Valley Local School 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 Tri-Valley Local School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

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

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

**Wolfe, Wilson, & Phillips, Inc.**  
Zanesville, Ohio  
August 7, 2003



**TRI-VALLEY LOCAL SCHOOL DISTRICT  
MUSKINGUM COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION 505**

**1. Summary of Auditor's Results**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	NO
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	NO
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	NO
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	NO
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section. 510?	NO
(d)(1)(vii)	Major Programs:	Nutrition Cluster, CFDA #10.553 10.555 10.550
(d)(1)(viii)	Dollar Threshold: Type A/B Programs:	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	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

## **NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITUES**

### **NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**TRI-VALLEY LOCAL SCHOOL DISTRICT  
MUSKINGUM 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  
SEPTEMBER 25, 2003**