



**Auditor of State  
Betty Montgomery**



**RIVER VIEW LOCAL SCHOOL DISTRICT  
COSHOCTON COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying basic financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of River View Local School District, Coshocton County, Ohio, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of River View Local School District, Coshocton County, Ohio, as of June 30, 2004, and the respective changes in financial position, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the District increased its capitalization threshold for capital assets from \$500 to \$2,500 during the year ended June 30, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Receipts and Expenditures of Federal Awards is presented for additional analysis and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 14, 2005

**River View Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*(Unaudited)*

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The discussion and analysis of the River View Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the School District's 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 School District's financial performance.

***Financial Highlights***

Key financial highlights for 2004 are as follows:

- In total, net assets decreased by \$965,090. The decrease in net assets of governmental activities was \$863,701. Net assets of business-type activities decreased by \$101,389 from 2003.
- General Revenues accounted for \$17.4 million of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$3,428,144 of total revenues.
- The School District had \$20,052,482 in expenses related to governmental activities; only \$2,127,338 these expenses were offset by program specific charges for services, grants, or contributions. General revenue (primarily taxes) of \$17,461,319 was adequate to provide for these programs.
- The general fund had \$17,365,187 in revenues and \$18,031,000 in expenditures. The General Fund's balance decreased by \$665,813.
- Net assets for the enterprise funds decreased \$101,389. Operating expenses of \$1,458,741 exceeded operating revenues of \$821,316. Grants, interest, and other non-operating revenue of \$499,043 in the Food Service and Rainbow Child Care Funds offset most of the operating loss.

***Using this Annual Report***

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

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of River View Local School District, the general fund is by far the most significant fund.

**River View Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*(Unaudited)*

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***Reporting the School District as a Whole***

*Statement of Net Assets and the Statement of Activities*

The Statement of Net Assets and the Statement of Activities answer the question "How did we do financially during fiscal year 2004?" These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net assets* and *changes in those assets*. This change in net assets is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

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

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

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and permanent improvement fund.

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

**River View Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
(Unaudited)

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

**The School District as a Whole**

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

Table 1 provides a summary of the School District's net assets for 2004 compared to 2003:

**(Table 1)**  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
<b>Assets</b>						
Current and Other Assets	\$ 12,644,462	\$ 11,572,614	\$ (95,390)	\$ (16,212)	\$ 12,549,072	\$ 11,556,402
Capital Assets	4,162,772	4,807,928	47,603	65,790	4,210,375	4,873,718
Total Assets	<u>16,807,234</u>	<u>16,380,542</u>	<u>(47,787)</u>	<u>49,578</u>	<u>16,759,447</u>	<u>16,430,120</u>
<b>Liabilities</b>						
Other Liabilities	10,476,165	9,341,301	173,337	176,275	10,649,502	9,517,576
Long-Term Liabilities						
Due in One Year	117,374	101,522	3,161	18,787	120,535	120,309
Due in More Than One Year	965,479	824,802	22,588	0	988,067	824,802
Total Liabilities	<u>11,559,018</u>	<u>10,267,625</u>	<u>199,086</u>	<u>195,062</u>	<u>11,758,104</u>	<u>10,462,687</u>
<b>Net Assets</b>						
Invested in Capital						
Assets Net of Debt	4,138,146	4,775,916	47,603	65,790	4,185,749	4,841,706
Restricted	1,414,215	1,169,156	0	0	1,414,215	1,169,156
Unrestricted (Deficit)	<u>(303,145)</u>	<u>167,845</u>	<u>(294,476)</u>	<u>(211,274)</u>	<u>(597,621)</u>	<u>(43,429)</u>
Total Net Assets	<u>\$ 5,249,216</u>	<u>\$ 6,112,917</u>	<u>\$ (246,873)</u>	<u>\$ (145,484)</u>	<u>\$ 5,002,343</u>	<u>\$ 5,967,433</u>

Total assets increased by \$329,327 with governmental assets increasing \$426,692 and business-type assets decreasing \$97,365. A decrease of approximately \$663,343 in total capital assets reflects change in the capitalization threshold. Total liabilities increased by \$1,294,417 with governmental liabilities increasing \$1,290,393 and the business-type liabilities increasing \$4,024. The majority of the increase was the result of increased deferred revenue, accounts payable and intergovernmental payable.

The net assets of the School District's business-type activities decreased by \$101,389. Operating revenues and grants are currently not matching expenses. Revenues and costs at the Rainbow Child Care Center have been reviewed and beginning in July 2004, the child care fees will be increased. The District is still monitoring the food service activities.

**River View Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*(Unaudited)*

Table 2 shows the changes in net assets for fiscal year 2004. This table presents two fiscal years in side-by-side comparisons. This will enable the reader to draw further conclusion about the District's financial status and possibly project future problems.

**(Table 2)**  
**Governmental and Business-Type Activities**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for Services	\$ 554,136	\$ 504,344	\$ 831,798	\$ 854,462	\$ 1,385,934	\$ 1,358,806
Operating Grants	1,573,202	1,142,747	469,008	512,752	2,042,210	1,655,499
Capital Grants	0	0	0	0	0	0
<i>General Revenue:</i>						
Property Taxes	7,759,015	7,672,067	0	0	7,759,015	7,672,067
Grants and Entitlements	9,435,400	9,587,625	0	0	9,435,400	9,587,625
Other	247,351	290,316	19,553	55	266,904	290,371
<b>Total Revenues</b>	<b>19,569,104</b>	<b>19,197,099</b>	<b>1,320,359</b>	<b>1,367,269</b>	<b>20,889,463</b>	<b>20,564,368</b>
<b>Program Expenses</b>						
Instruction	11,922,646	11,106,463	0	0	11,922,646	11,106,463
Support Services:						
Pupils and Instructional Staff	1,884,021	2,050,763	0	0	1,884,021	2,050,763
Board of Education, Administration, Fiscal and Business	2,135,890	2,024,580	0	0	2,135,890	2,024,580
Operation and Maintenance of Plant	1,750,590	1,918,229	0	0	1,750,590	1,918,229
Pupil Transportation	1,707,594	1,583,053	0	0	1,707,594	1,583,053
Central	249,056	358,554	0	0	249,056	358,554
Interest and Fiscal Charges	1,721	0	0	0	1,721	0
Operation of Non-Instructional	6,915	79	0	0	6,915	79
Extracurricular Activities	394,049	401,616	0	0	394,049	401,616
Capital Outlay	0	23,880	0	0	0	23,880
Food Service	0	0	893,500	881,704	893,500	881,704
Rainbow Child Care	0	0	565,241	602,882	565,241	602,882
<b>Total Expenses</b>	<b>20,052,482</b>	<b>19,467,217</b>	<b>1,458,741</b>	<b>1,484,586</b>	<b>21,511,223</b>	<b>20,951,803</b>
<b>Transfers</b>	<b>(50,126)</b>	<b>(212)</b>	<b>50,000</b>	<b>0</b>	<b>(126)</b>	<b>(212)</b>
Decrease in Net Assets	<u>\$ (533,504)</u>	<u>\$ (270,330)</u>	<u>\$ (88,382)</u>	<u>\$ (117,317)</u>	<u>\$ (621,886)</u>	<u>\$ (387,647)</u>

The vast majority of revenue supporting governmental activities is general revenue (property taxes). General revenue decreased in 2004 from \$17.5 million in 2003 to \$17.4 million in 2004. Other general revenue shows a decrease in interest earnings, grants and entitlements, and miscellaneous revenue. Program expenses increased from \$20.9 million in 2003 to \$21.5 million in 2004. The increase in total program expenses reflects increases in salaries, fringe benefits (health insurance and retirement), purchased services (utilities), and other expenditures (property/casualty/fleet insurance).

**River View Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*(Unaudited)*

**Governmental Activities**

Several revenue sources fund our governmental activities with property taxes being the largest contributor. The last increase in property tax levies by the citizens of the School District was in 1995. Property tax levies generated \$7,759,015 in 2004. General revenues from grants and entitlements, such as the school foundation program, are also a large revenue generator. With the combination of taxes and intergovernmental revenue funding over 86 percent of all expenses in governmental activities, the School District monitors both of these revenue sources very closely for fluctuations.

Instruction comprises 59 percent of governmental program expenses. The School District increased salaries and benefits during fiscal year 2004.

**(Table 3)**  
**Governmental Activities**

	2004		2003	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 11,922,646	\$ 10,858,473	\$ 11,106,463	\$ 10,211,935
Support Services:				
Pupil and Instructional Staff	1,884,021	1,393,301	2,050,763	1,609,918
Board of Education, Administration and Fiscal	2,135,890	1,939,715	2,024,580	1,922,281
Operation and Maintenance of I	1,750,590	1,595,036	1,918,229	1,911,110
Pupil Transportation	1,707,594	1,643,174	1,583,053	1,582,359
Central	249,056	205,137	358,554	279,453
Operation of Non-Instructional	6,915	6,678	79	79
Capital Outlay	0	0	23,880	23,880
Extracurricular Activities	394,049	281,909	401,616	279,111
Interest and Fiscal Charges	1,721	1,721	0	0
Total Expenses	<u>\$ 20,052,482</u>	<u>\$ 17,925,144</u>	<u>\$ 19,467,217</u>	<u>\$ 17,820,126</u>

**Business-Type Activities**

Business-type activities include the food service and Rainbow Child Care operations. These programs had revenues of \$1,370,359 and expenses of \$1,458,741 for fiscal year 2004. Management regularly reviews these programs. The Rainbow Child Care fees were changed in April 2002 and will be revised again in July 2004 to increase revenues, while food service fees have remained unchanged since July, 2000. The School District has chosen not to raise food service fees due to poor economic conditions with the School District, and the Board has agreed to transfer funds from the General Fund when necessary to assist in financing the operations.

**River View Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*(Unaudited)*

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***The School District's Funds***

Information about the School District's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$19,626,341 and expenditures of \$20,041,139. The net change in fund balance for the year was a decrease of \$414,798. The General Fund balance decreased \$665,813. The Food Service Fund and Rainbow Child Care Fund balances decreased by \$7,676 and \$80,706, respectively. These decreases indicate the School District's current revenue base did not provide for the School District's current obligations. The Permanent Improvement Fund balance increased \$217,679 due to decreased spending by the School District. The School District understands that it needs to continue to monitor expenditures to ensure that the School District's obligations will continue to be met. Based on this information and the five year forecast, the School District plans to go to the voters for an additional tax levy in 2005.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2004, the School District amended the general fund budget monthly. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, budget basis revenue was \$17.5 million, over the original budget estimates of \$16.4 million. Of this \$1.3 million windfall, most was attributable to increased state funding and taxes due to the reappraisal. The District was not anticipating the large increase from the reappraisal or the additional funds from the state.

Final appropriations of \$19.8 million were \$1.8 million higher than the \$18.0 million in the original budget. The School District non-renewed several employees in the late spring due to financial conditions and in anticipation, the School District appropriated to pay-off those contracts by June 30. The District also budgeted to pay for July's health insurance in June, but the School District did not pay the premiums until July. In addition salaries, liability/property/fleet insurance, utilities and county auditor fees (for tax collections) proved to be higher than anticipated. A number of aide positions were added during the year to assist with students with special needs. Property/liability/fleet insurances continue to rise significantly in response to the events of September 11, 2001.

**River View Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*(Unaudited)*

***Capital Assets and Debt Administration***

**Capital Assets**

At the end of fiscal year 2004, the School District had \$4,210,375 invested in land, buildings and improvements, furniture and equipment and vehicles, \$4,162,772 in governmental activities. Table 4 reflects fiscal year 2004 balances compared to 2003. See Note 8 for further detail on capital assets.

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

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 478,659	\$ 478,659	\$ 0	\$ 0	\$ 478,659	\$ 478,659
Buildings and Improvements	2,559,175	2,650,535	0	0	2,559,175	2,650,535
Furniture and Equipment	545,737	576,195	47,603	65,790	593,340	641,985
Vehicles	579,201	772,342	0	0	579,201	772,342
Textbooks	0	0	0	0	0	0
Totals	\$ 4,162,772	\$ 4,477,731	\$ 47,603	\$ 65,790	\$ 4,210,375	\$ 4,543,521

The \$314,959 decrease in capital assets was a result of capital asset additions being less than annual depreciation.

A change in Ohio law required school districts to set aside 3% of certain revenues for capital improvements and an additional 3% for textbooks. For fiscal year 2004, this amounted to \$362,962 for each set aside. The School District has qualifying disbursements or offsets exceeding these requirements for capital improvements. For the textbooks, the School District disbursed \$368,203, with the remainder scheduled to be carried forward into the 2005 fiscal year. See Note 19 for further detail on set-asides.

***Current Financial Related Activities***

River View Local School District remains strong financially at June 30, 2004; however, the five-year forecast projects deficit spending by fiscal year 2006. As the preceding information shows, the School District relies heavily on its local property taxpayers. The last operating levy renewed by the residents of the district was in 2001. The Board of Education anticipates submitting an emergency operating levy to the residents of the district in 2005. An emergency operating levy would allow the District to remain at the "Floor" based on Ohio House Bill 920 for state funding purposes.

**River View Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*(Unaudited)*

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

Property taxes made up 39.6% of revenues for governmental activities for the River View Local School District in fiscal year 2004.

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

From a State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March, 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding is unconstitutional. The Federal Supreme Court relinquished jurisdiction over the case and directed "the Ohio General Assembly to enact a school funding scheme that is "thorough and efficient." The School District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

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

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

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

***Contacting the School District's Financial Management***

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

**River View Local School District**

*Statement of Net Assets*

*June 30, 2004*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 3,671,760	\$ 55,117	\$ 3,726,877
Investments	99,000	0	99,000
Receivables:			
Taxes	7,979,248	0	7,979,248
Accounts	19,211	7,881	27,092
Internal Balances	225,000	(225,000)	0
Intergovernmental	323,633	50,752	374,385
Prepaid Items	168,383	1,426	169,809
Inventory Held For Resale	0	11,119	11,119
Materials and Supplies	158,227	3,315	161,542
Nondepreciable Capital Assets	478,659	0	478,659
Depreciable Capital Assets (Net)	3,684,113	47,603	3,731,716
<i>Total Assets</i>	<u>16,807,234</u>	<u>(47,787)</u>	<u>16,759,447</u>
<b>Liabilities</b>			
Accounts Payable	263,694	9,212	272,906
Accrued Wages and Benefits	1,914,334	90,123	2,004,457
Intergovernmental Payable	476,127	74,002	550,129
Due to Other Governments	108,600	0	108,600
Deferred Revenue	7,435,682	0	7,435,682
Claims Payable	276,728	0	276,728
Long Term Liabilities:			
Due Within One Year	117,374	3,161	120,535
Due Within More Than One Year	965,479	22,588	988,067
<i>Total Liabilities</i>	<u>11,558,018</u>	<u>199,086</u>	<u>11,757,104</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	4,138,146	47,603	4,185,749
Restricted for:			
Capital Projects	1,277,597	0	1,277,597
Other Purposes	136,618	0	136,618
Unrestricted	(303,145)	(294,476)	(597,621)
<i>Total Net Assets</i>	<u>\$ 5,249,216</u>	<u>\$ (246,873)</u>	<u>\$ 5,002,343</u>

See accompanying notes to the basic financial statements.

**River View Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2004

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental Activities</b>			
Current:			
Instruction:			
Regular	\$ 9,092,733	\$ 243,270	\$ 197,616
Special	2,347,775	37,865	569,626
Vocational	482,138	10,107	5,689
Support services:			
Pupils	768,360	19,410	74,208
Instructional staff	1,115,661	16,333	380,769
Board of education	38,045	792	0
Administration	1,533,783	29,190	148,401
Fiscal	564,062	11,503	6,289
Operation and maintenance of plant	1,750,590	30,624	124,930
Pupil transportation	1,707,594	30,850	33,570
Central	249,056	13,108	30,811
Operation of non-instructional services	6,915	151	86
Extracurricular activities	394,049	110,933	1,207
Debt service:			
Interest and fiscal charges	1,721	0	0
<i>Total Governmental Activities</i>	<u>20,052,482</u>	<u>554,136</u>	<u>1,573,202</u>
<b>Business-Type Activities</b>			
Food Service	893,500	503,615	332,142
Rainbow Child Care	565,241	328,183	136,866
<i>Total Business-Type Activities</i>	<u>1,458,741</u>	<u>831,798</u>	<u>469,008</u>
<i>Totals</i>	<u>\$ 21,511,223</u>	<u>\$ 1,385,934</u>	<u>\$ 2,042,210</u>

**General Revenues**

Property Taxes Levied for:

    General Purposes

    Capital Outlay

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Gain on Sale of Capital Assets

Total General Revenues

Net Transfers

Change in Net Assets

Net Assets Beginning of Year - Restated (See note 3)

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (8,651,847)	\$ 0	\$ (8,651,847)
(1,740,284)	0	(1,740,284)
(466,342)	0	(466,342)
(674,742)	0	(674,742)
(718,559)	0	(718,559)
(37,253)	0	(37,253)
(1,356,192)	0	(1,356,192)
(546,270)	0	(546,270)
(1,595,036)	0	(1,595,036)
(1,643,174)	0	(1,643,174)
(205,137)	0	(205,137)
(6,678)	0	(6,678)
(281,909)	0	(281,909)
(1,721)	0	(1,721)
(17,925,144)	0	(17,925,144)
0	(57,743)	(57,743)
0	(100,192)	(100,192)
0	(157,935)	(157,935)
(17,925,144)	(157,935)	(18,083,079)
7,307,204	0	7,307,204
451,811	0	451,811
9,435,400	0	9,435,400
40,345	67	40,412
204,605	19,486	224,091
2,401	0	2,401
17,441,766	19,553	17,461,319
(50,126)	50,000	(126)
(533,504)	(88,382)	(621,886)
5,782,720	(158,491)	5,624,229
\$ 5,249,216	\$ (246,873)	\$ 5,002,343

**River View Local School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2004*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 2,029,964	\$ 1,310,969	\$ 148,116	\$ 3,489,049
Cash and Cash Equivalents:				
Restricted Cash	182,711	0	0	182,711
Investments	99,000	0	0	99,000
Receivables:				
Taxes	7,522,038	457,210	0	7,979,248
Accounts	16,252	0	1,727	17,979
Interfund	47,800	0	0	47,800
Intergovernmental	19,869	127	303,637	323,633
Prepaid Items	168,383	0	0	168,383
Materials and Supplies	139,468	0	18,759	158,227
Interfund to Other Funds	190,000	0	0	190,000
Total Assets	<u>\$10,415,485</u>	<u>\$1,768,306</u>	<u>\$472,239</u>	<u>\$12,656,030</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 169,378	\$ 68,003	\$ 26,313	\$ 263,694
Accrued Wages and Benefits	1,775,674	0	138,660	1,914,334
Interfund Payable	0	0	12,800	12,800
Intergovernmental Payable	307,476	0	25,466	332,942
Deferred Revenue	7,340,261	446,145	99,666	7,886,072
Total Liabilities	9,592,789	514,148	302,905	10,409,842
<b>Fund Balances</b>				
Fund Balance:				
Reserved for Encumbrances	181,650	38,011	47,440	267,101
Reserved for Bus Purchase Allowance	102,360	0	0	102,360
Reserved for Inventory	139,468	0	18,759	158,227
Reserved for Tax Revenue Unavailable for Appropriation	181,777	11,065	0	192,842
Reserved for Budget Stabilization	80,351	0	0	80,351
Unreserved:				
Undesignated, Unreserved Reported in:				
General Fund	137,090	0	0	137,090
Special Revenue Funds	0	0	97,899	97,899
Capital Projects Funds	0	1,205,082	5,236	1,210,318
Total Fund Balances	<u>822,696</u>	<u>1,254,158</u>	<u>169,334</u>	<u>2,246,188</u>
Total Liabilities and Fund Balances	<u>\$ 10,415,485</u>	<u>\$ 1,768,306</u>	<u>\$ 472,239</u>	<u>\$ 12,656,030</u>

See accompanying notes to the basic financial statements.

**River View Local School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2004*

Total Governmental Fund Balances	\$	2,246,188
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		4,162,772
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Grants	99,666	
Delinquent Property Taxes	350,724	450,390
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.		(384,096)
Intergovernmental payables include contractually required pension contributions which are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.		(143,185)
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds:		
Compensated Absences	(1,058,227)	
Capital Leases Payable	(24,626)	(1,082,853)
Net Assets of Governmental Activities	\$	5,249,216

See accompanying notes to the basic financial statements.

**River View Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2004*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 7,285,974	\$ 451,630	\$ 0	\$ 7,737,604
Intergovernmental	9,449,886	198,026	1,402,488	11,050,400
Investment income	40,345	0	0	40,345
Tuition and fees	377,138	0	16,724	393,862
Extracurricular activities	0	0	109,188	109,188
Miscellaneous	209,443	9,107	72,990	291,540
<i>Total Revenues</i>	17,362,786	658,763	1,601,390	19,622,939
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	8,850,384	47,229	194,220	9,091,833
Special	1,799,890	0	580,433	2,380,323
Vocational	482,143	0	6,021	488,164
Support services:				
Pupils	681,407	19,408	99,834	800,649
Instructional staff	770,717	3,691	357,596	1,132,004
Board of education	38,472	0	0	38,472
Administration	1,383,795	10,047	141,777	1,535,619
Fiscal	544,722	12,940	304	557,966
Operation and maintenance of plant	1,450,407	251,579	8,843	1,710,829
Pupil transportation	1,460,905	67,703	924	1,529,532
Central	183,190	18,413	15,648	217,251
Operation of non-instructional services	6,708	0	0	6,708
Extracurricular activities	272,959	0	130,694	403,653
Capital outlay	0	967	0	967
Debt service:				
Principal retirement	0	7,386	0	7,386
Interest and fiscal charges	0	1,721	0	1,721
<i>Total Expenditures</i>	17,925,699	441,084	1,536,294	19,903,077
<i>Excess of Revenues Over (Under) Expenditures</i>	(562,913)	217,679	65,096	(280,138)
<b>Other Financing Sources (Uses):</b>				
Proceeds from sales of capital assets	2,401	0	0	2,401
Other Financing Uses	(54,196)	0	(32,739)	(86,935)
Transfers in	0	0	1,001	1,001
Transfers out	(51,105)	0	(22)	(51,127)
<i>Total Financing Sources and (Uses)</i>	(102,900)	0	(31,760)	(134,660)
<i>Net Change in Fund Balance</i>	(665,813)	217,679	33,336	(414,798)
<i>Fund balance at beginning of year</i>	1,488,509	1,036,479	135,998	2,660,986
<i>Fund balance at end of year</i>	\$ 822,696	\$ 1,254,158	\$ 169,334	\$ 2,246,188

See accompanying notes to the basic financial statements.

**River View Local School District**  
*Reconciliation of the Changes*  
*in Fund Balances of Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended June 30, 2004*

Net Change in Fund Balances - Total Governmental Funds \$ (414,798)

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

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Asset Additions	\$ 145,691	
Current Year Depreciation	<u>(460,650)</u>	(314,959)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Grants	9,288	
Delinquent Property Taxes	<u>21,411</u>	30,699

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

7,386

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

Compensated Absences	(163,915)	
Pension Obligation	<u>20,178</u>	(143,737)

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

301,905

Change in Net Assets of Governmental Activities \$ (533,504)

See accompanying notes to the basic financial statements.

**River View Local School District**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 General Fund  
 For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 7,034,059	\$ 7,250,955	\$ 7,250,955	\$ 0
Intergovernmental	9,017,475	9,599,558	9,467,892	(131,666)
Investment Income	53,968	41,888	40,345	(1,543)
Tuition and Fees	41,125	486,780	376,835	(109,945)
Rentals	2,513	4,216	3,646	(570)
Charges for Services	6,299	6,299	5,616	(683)
Contributions and Donations	15,690	2,090	2,140	50
Miscellaneous	21,067	23,441	23,485	44
<i>Total Revenues</i>	<u>16,192,196</u>	<u>17,415,227</u>	<u>17,170,914</u>	<u>(244,313)</u>
<b>Expenditures:</b>				
<b>Current</b>				
Instruction:				
Regular	8,541,222	9,193,335	8,806,646	386,689
Special	1,803,326	1,963,197	1,821,624	141,573
Vocational	494,051	517,258	489,566	27,692
Support Services				
Pupils	690,069	783,366	690,238	93,128
Instructional Staff	768,652	934,702	826,282	108,420
Board of Education	114,997	133,940	112,068	21,872
Administration	1,404,014	1,486,871	1,393,619	93,252
Fiscal	513,351	591,445	556,519	34,926
Business	28,573	0	0	0
Operation and Maintenance of Plant	1,574,886	1,655,290	1,531,008	124,282
Pupil Transportation	1,324,811	1,744,292	1,488,718	255,574
Central	221,071	226,018	198,880	27,138
Operation of Non-Instructional Services	32	6,740	6,708	32
Extracurricular Activities	314,454	313,776	283,856	29,920
Capital Outlay	2,426	2,426	0	2,426
<i>Total Expenditures</i>	<u>17,795,935</u>	<u>19,552,656</u>	<u>18,205,732</u>	<u>1,346,924</u>
Excess of Revenues Over (Under) Expenditures	(1,603,739)	(2,137,429)	(1,034,818)	1,102,611
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Assets	0	2,401	2,401	0
Refund of Prior Year Expenditures	59,000	147,879	159,453	11,574
Refund of Prior Year Receipts	(3,136)	(57,206)	(54,196)	3,010
Other Financing Uses	(31)	(31)	0	31
Advances In	150,000	150,000	120,000	(30,000)
Advances Out	(140,000)	(140,000)	(107,800)	32,200
Transfers Out	(24,640)	(24,640)	(51,105)	(26,465)
<i>Total Other Financing Sources (Uses)</i>	<u>41,193</u>	<u>78,403</u>	<u>68,753</u>	<u>(9,650)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(1,562,546)	(2,059,026)	(966,065)	1,092,961
<i>Fund Balance at Beginning of Year</i>	2,632,684	2,632,684	2,632,684	0
Prior Year Encumbrances Appropriated	283,216	283,216	283,216	0
<i>Fund Balance at End of Year</i>	<u>\$ 1,353,354</u>	<u>\$ 856,874</u>	<u>\$ 1,949,835</u>	<u>\$ 1,092,961</u>

See accompanying notes to the basic financial statements.

**River View Local School District**  
*Statement of Net Assets*  
*Proprietary Funds*  
*June 30, 2004*

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	Food Service	Rainbow Child Care	Total	
<b>Assets</b>				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$ 47,451	\$ 7,666	\$ 55,117	\$ 0
Accounts Receivable	0	7,881	7,881	1,232
Intergovernmental Receivable	37,363	13,389	50,752	0
Prepaid Items	1,344	82	1,426	0
Inventory Held For Resale	11,119	0	11,119	0
Materials and Supplies	1,124	2,191	3,315	0
<i>Total Current Assets</i>	<u>98,401</u>	<u>31,209</u>	<u>129,610</u>	<u>1,232</u>
<i>Non-Current Assets:</i>				
Depreciable Capital Assets (Net)	19,658	27,945	47,603	0
<i>Total Non-Current Assets</i>	<u>19,658</u>	<u>27,945</u>	<u>47,603</u>	<u>0</u>
<i>Total Assets</i>	<u>118,059</u>	<u>59,154</u>	<u>177,213</u>	<u>1,232</u>
<b>Liabilities</b>				
<i>Current Liabilities:</i>				
Accounts Payable	1,684	7,528	9,212	0
Accrued Wages and Benefits	66,904	23,219	90,123	0
Interfund Payable	35,000	0	35,000	0
Intergovernmental Payable	32,072	41,930	74,002	0
Due to Other Governments	0	0	0	108,600
Claims Payable	0	0	0	276,728
<i>Total Current Liabilities</i>	<u>135,660</u>	<u>72,677</u>	<u>208,337</u>	<u>385,328</u>
<i>Long Term Liabilities:</i>				
Due Within One Year	593	2,568	3,161	0
Due In More Than One Year	21,424	1,164	22,588	0
Interfund From Other Funds	25,000	165,000	190,000	0
<i>Total Long-Term Liabilities</i>	<u>47,017</u>	<u>168,732</u>	<u>215,749</u>	<u>0</u>
<i>Total Liabilities</i>	<u>182,677</u>	<u>241,409</u>	<u>424,086</u>	<u>385,328</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	19,658	27,945	47,603	0
Unrestricted	(84,276)	(210,200)	(294,476)	(384,096)
<i>Total Net Assets</i>	<u>\$ (64,618)</u>	<u>\$ (182,255)</u>	<u>\$ (246,873)</u>	<u>\$ (384,096)</u>

See accompanying notes to the basic financial statements.

**River View Local School District**  
*Statement of Revenues, Expenses, and Changes in Fund Net Assets*  
*Proprietary Funds*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Fund
	Food Service	Rainbow Child Care	Total	
<b>Operating Revenues:</b>				
Tuition	\$ 0	\$ 317,701	\$ 317,701	\$ 0
Sales	503,615	0	503,615	0
Charges for services	0	0	0	3,245,120
<i>Total Operating Revenues</i>	<u>503,615</u>	<u>317,701</u>	<u>821,316</u>	<u>3,245,120</u>
<b>Operating Expenses:</b>				
Salaries	257,874	358,555	616,429	0
Fringe benefits	215,047	103,178	318,225	0
Purchased services	6,183	32,053	38,236	456,821
Materials and supplies	412,647	67,991	480,638	0
Depreciation	1,716	3,464	5,180	0
Claims	0	0	0	2,485,172
Other Operating	33	0	33	1,222
<i>Total Operating Expenses</i>	<u>893,500</u>	<u>565,241</u>	<u>1,458,741</u>	<u>2,943,215</u>
Operating income (loss)	<u>(389,885)</u>	<u>(247,540)</u>	<u>(637,425)</u>	<u>301,905</u>
<b>Non-Operating Revenues (Expenses):</b>				
Federal donated commodities	41,958	0	41,958	0
Grants	290,184	147,348	437,532	0
Other non-operating revenue	0	19,486	19,486	0
Interest	67	0	67	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>332,209</u>	<u>166,834</u>	<u>499,043</u>	<u>0</u>
<i>Income (Loss) Before Operating Transfers</i>	<u>(57,676)</u>	<u>(80,706)</u>	<u>(138,382)</u>	<u>301,905</u>
Transfers in	50,000	0	50,000	0
<i>Change in Net Assets</i>	<u>(7,676)</u>	<u>(80,706)</u>	<u>(88,382)</u>	<u>301,905</u>
<i>Net Assets (Deficit) Beginning of Year - Restated</i>	<u>(56,942)</u>	<u>(101,549)</u>	<u>(158,491)</u>	<u>(686,001)</u>
<i>Net Assets (Deficit) End of Year</i>	<u>\$ (64,618)</u>	<u>\$ (182,255)</u>	<u>\$ (246,873)</u>	<u>\$ (384,096)</u>

See accompanying notes to the basic financial statements.

**River View Local School District**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Fiscal Year Ended June 30, 2004

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Fund
	Food Service	Rainbow Child Care	Total	
<b>Cash Flows From Operating Activities:</b>				
Cash Received from Customers	\$ 503,615	\$ 0	\$ 503,615	\$ 3,243,888
Cash Received from Tuition Payments	0	324,018	324,018	0
Cash Paid for Goods and Services	(380,523)	(101,672)	(482,195)	(456,821)
Cash Paid to Employees	(456,918)	(472,321)	(929,239)	0
Cash Paid for Claims	0	0	0	(2,414,266)
Other Cash Payments	(33)	0	(33)	0
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(333,859)</u>	<u>(249,975)</u>	<u>(583,834)</u>	<u>372,801</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>				
Transfers from Other Funds	50,000	0	50,000	0
Interfund from Other Funds	35,000	60,000	95,000	108,600
Interfund to Other Funds	0	0	0	(169,051)
Other Financing Sources	0	19,486	19,486	0
Other Financing Uses	0	0	0	(312,350)
Grants Received	252,821	147,236	400,057	0
<i>Net Cash Provided By (Used For) Non-Capital Activities</i>	<u>337,821</u>	<u>226,722</u>	<u>564,543</u>	<u>(372,801)</u>
<b>Cash Flows From Investing Activities:</b>				
Interest on Investments	67	0	67	0
<i>Net Cash Provided By (Used For) Investing Activities</i>	<u>67</u>	<u>0</u>	<u>67</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	4,029	(23,253)	(19,224)	0
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>43,422</u>	<u>30,919</u>	<u>74,341</u>	<u>0</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 47,451</u>	<u>\$ 7,666</u>	<u>\$ 55,117</u>	<u>\$ 0</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</b>				
Operating Income (Loss)	\$ (389,885)	\$ (247,540)	\$ (637,425)	\$ 301,905
Adjustments:				
Depreciation	1,716	3,464	5,180	0
Federal Donated Commodities	41,958	0	41,958	0
(Increase) Decrease Assets				
Accounts Receivable	0	6,317	6,317	(10)
Prepaid Items	(524)	(36)	(560)	0
Inventory	(2,509)	(819)	(3,328)	0
Increase (Decrease) in Liabilities				
Accounts Payable	(618)	(773)	(1,391)	0
Accrued Wages and Benefits	8,303	(3,398)	4,905	0
Compensated Absences Payable	2,660	(7,623)	(4,963)	0
Due to Other Governments	5,040	433	5,473	0
Claims Payable	0	0	0	70,906
<i>Total Adjustments</i>	<u>56,026</u>	<u>(2,435)</u>	<u>53,591</u>	<u>70,896</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ (333,859)</u>	<u>\$ (249,975)</u>	<u>\$ (583,834)</u>	<u>\$ 372,801</u>

See accompanying notes to the basic financial statements.

**River View Local School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Fiduciary Funds*  
*June 30, 2004*

	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 26,771	\$ 42,763
Accounts Receivable	0	228
<i>Total Assets</i>	<u>26,771</u>	<u>42,991</u>
<b>Liabilities</b>		
Accounts Payable	0	\$ 2,478
Due to Students	0	40,513
<i>Total Liabilities</i>	<u>0</u>	<u>\$ 42,991</u>
<b>Net Assets</b>		
Held in Trust for Scholarships	<u>\$ 26,771</u>	
<i>Total Net Assets</i>	<u>\$ 26,771</u>	

See accompanying notes to the basic financial statements.

**River View Local School District**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Funds*  
*June 30, 2004*

	Private Purpose Trust
	Scholarship
<b>Additions</b>	
Gifts and Contributions	\$ 4,797
Interest	116
Total Additions	\$ 4,913
<b>Deductions</b>	
Scholarships Awarded	1,650
<i>Change in Net Assets</i>	3,263
<i>Net Assets Beginning of Year</i>	23,508
<i>Net Assets End of Year</i>	\$ 26,771

See accompanying notes to the basic financial statements.

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**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 1 - NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY**

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

The River View Local School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by State and Federal agencies. The Board controls the School District's seven instructional/support facilities staffed by 150 non-certificated, 180 certificated teaching personnel and 15 administrators, who provide services to community members, preschool children and 2,559 students.

***Reporting Entity***

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

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

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

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

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

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***A. Basis of Presentation***

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

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

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

***Fund Financial Statements*** - During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

***B. Fund Accounting***

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

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

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

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

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

**C. Measurement Focus**

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

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

The private purpose trust fund is accounted for on a flow of economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

***D. Basis of Accounting***

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

***Revenues – Exchange and Non-Exchange Transactions*** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of the fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6.) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

**E. Budgetary Data**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds.

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

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

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***F. Cash and Cash Equivalents***

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

During fiscal year 2004, investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2004.

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 2004 amounted to \$40,345, which includes \$14,290 assigned from other School District funds.

The School District participates in the OME-RESA insurance consortium for self-insurance. These monies are held separate from the School District's central bank account. The Jefferson County Educational Service Center serves as the fiscal agent for the insurance consortium.

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

***G. Restricted Assets***

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts required by statute to be set-aside for the purchase of textbooks and other instructional material and to create a reserve for budget stabilization. The School District has no restricted assets. See Note 19 for additional information regarding set-asides.

***H. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***I. Inventory***

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

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

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***J. Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date donated. The School District maintains a capitalization threshold of \$2,500. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the assets or materially extend an asset's life are not.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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

***K. Interfund Balances***

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

***L. Compensated Absences***

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

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

***N. Interfund Activity***

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

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

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***O. Fund Balance Reserves***

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

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

***P. Net Assets***

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

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

***Q. Operating Revenues and Expenses***

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

***R. Extraordinary and Special Items***

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

***S. Estimates***

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

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 3 – ACCOUNTING CHANGES AND NET ASSET RESTATEMENTS**

Effective July 1, 2003, the District changed their capitalization threshold policy from \$500 to \$2,500. A negative adjustment to net assets was needed to account for all assets previously capitalized but no longer qualifying under the new \$2,500 policy amount.

	Previously Stated Balance at 6/30/03	Adjustments	Restated Balance at 7/1/03
Governmental Activities	\$ 6,112,917	\$ (330,197)	\$ 5,782,720
Business - Type Activities	(145,484)	(13,007)	(158,491)

**NOTE 4 – ACCOUNTABILITY AND COMPLIANCE**

***A. Accountability***

The following funds had deficit fund balances/net assets as of June 30, 2004:

<b><i>Special Revenue Funds:</i></b>		
DPIA	\$	385
Title I		3,644
Schoolnet Professional Development Grant		1,716
<b><i>Enterprise Funds:</i></b>		
Food Service Fund		64,618
Rainbow Child Care Fund		166,853
<b><i>Internal Service Funds:</i></b>		
Self-Insurance Internal Service Fund		384,096

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

The deficit net assets in the Food Service and Rainbow Child Care Enterprise Funds and the Self-Insurance Internal Service Fund resulted from accumulated losses. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur. Management is analyzing these funds to determine how the deficits will be eliminated.

***B. Noncompliance***

Contrary to Ohio Revised Code Section 5705.10, the School District had negative cash fund balances throughout the year in various funds.

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 5- BUDGETARY BASIS OF ACCOUNTING**

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

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

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

<b><u>Net Change in Fund Balance</u></b>	
	<u>General</u>
GAAP Basis	\$ (665,813)
Net adjustment for revenue accruals	87,581
Net adjustment for expenditure accruals	(36,994)
Adjustment for encumbrances	<u>(350,839)</u>
Budget Basis	<u><u>\$ (966,065)</u></u>

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

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

- 1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- 2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 3) Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days;
- 4) Bonds and any other obligations of the State of Ohio;
- 5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
- 6) The State Treasurer's Investment Pool (STAR Ohio).
- 7) Certain bankers acceptances and commercial paper notes for a period not to exceed 180 days from the purchase date in any amount not to exceed 25% of the interim monies available for investment at any one time; and
- 8) Under limited circumstances, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within 5 years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

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

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

At June 30, 2004, the School District’s Self-Insurance Internal Service Fund had a negative cash balance of \$108,600 with OME-RESA, a claims servicing pool (See Note 18). The money is held by the claims service in a pooled account which is representative of numerous entities and, therefore, cannot be classified by risk under GASB Statement No. 3. The classification of cash and cash equivalents and investments for the OME-RESA Self-Insurance Plan (Plan) as a whole may be obtained from the Plan’s fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan, Steubenville, OH 43952.

**Deposits** - At year-end, the carrying amount of the School District’s deposits was \$3,722,215, and the bank balance was \$3,827,389. Of the bank balance:

1. \$199,000 was covered by federal depository insurance.
2. \$3,628,389 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution’s trust department in the School District’s name and all State statutory requirements for the deposit of money has been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

	Category 3	Carrying Value	Fair Value
STAROhio	\$ 0	\$ 173,196	\$ 173,196

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

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

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 3,796,411	\$ 99,000
Certificates of Deposit with Maturity of Greater than Three Months	99,000	(99,000)
STAROhio	(173,196)	173,196
GASB Statement No. 3	\$ 3,722,215	\$ 173,196

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Property tax revenue received during calendar year 2004 for real and public utility property taxes represent collections of calendar year 2003 taxes. Property tax payments received during calendar year 2004 for tangible personal property (other than public utility property) is for calendar year 2004 taxes.

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

**NOTE 7 - PROPERTY TAXES (Continued)**

2004 real property taxes are levied after April 1, 2004 on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2004 public utility property taxes became a lien December 31, 2003, are levied after April 1, 2004, and are collected in 2004 with real property taxes.

2004 tangible personal property taxes are levied after April 1, 2004 on the values as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2004 taxes were collected are:

	2003 Second-Half Collections		2004 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 180,067,400	59%	\$ 207,676,280	63%
Public Utility Personal	78,879,700	26%	82,946,170	25%
Tangible Personal Property	43,960,798	15%	40,269,862	12%
<b>Total Assessed Value</b>	<b>\$ 302,907,898</b>	<b>100%</b>	<b>\$ 330,892,312</b>	<b>100%</b>
 Tax rate per \$1,000 of assessed value	 \$ 31.30		 \$ 31.30	

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

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

The School District receives taxes from Coshocton, Muskingum and Licking County. The County Treasurers collect property taxes on behalf of all taxing districts in the County, including River View Local School District. The County Auditors periodically remit to the School District its portion of taxes. Second-half real property tax payments collected by the Counties by June 30, 2004 are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, personal property and public utility taxes which are measurable as of June 30, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not levied to finance current year operations.

**River View Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2004

**NOTE 7 - PROPERTY TAXES (Continued)**

The amount available to the School District as an advance at June 30 is recognized as revenue. At June 30, 2004, \$181,777 was available as an advance to the general fund and \$11,065 was available to the permanent improvement capital projects fund.

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

**NOTE 8 – CAPITAL ASSETS**

The capital asset balances of the governmental activities have been restated due to changes in the School District capital asset policy.

	Balance 6/30/2003	Adjustments	Restated Balance 6/30/2003
<b>Governmental Activities:</b>			
Capital Assets, not being depreciated:			
Land	\$ 478,659	\$ 0	\$ 478,659
Capital Assets, being depreciated:			
Buildings and improvements	9,101,260	(70,551)	9,030,709
Furniture and equipment	2,872,298	(945,633)	1,926,665
Vehicles	2,287,801	(2,000)	2,285,801
Total capital assets, being depreciated	14,261,359	(1,018,184)	13,243,175
Less: accumulated depreciation	(9,932,090)	687,987	(9,244,103)
Governmental Activities Capital Assets, Net	<u>\$ 4,807,928</u>	<u>\$ (330,197)</u>	<u>\$ 4,477,731</u>
<b>Business-Type Activities:</b>			
Furniture and equipment	\$ 283,504	\$ (79,527)	\$ 203,977
Less accumulated depreciation	(217,714)	66,520	(151,194)
Business-Type Activities Capital Assets, net	<u>\$ 65,790</u>	<u>\$ (13,007)</u>	<u>\$ 52,783</u>

**River View Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2004

**NOTE 8 – CAPITAL ASSETS (Continued)**

Capital asset activity for the fiscal year ended June 30, 2004 was as follows:

	Restated Balance 6/30/2003	Additions	Reductions	Balance 6/30/2004
<b>Governmental Activities:</b>				
<i>Nondepreciable Capital Assets:</i>				
Land	\$ 478,659	\$ 0	\$ 0	\$ 478,659
 <i>Depreciable Capital Assets:</i>				
Building and improvements	9,030,709	80,040	0	9,110,749
Furniture and equipment	1,926,665	65,651	0	1,992,316
Vehicles	2,285,801	0	0	2,285,801
<i>Total capital assets, being depreciated</i>	13,243,175	145,691	0	13,388,866
 Less accumulated depreciation:				
Building and improvements	(6,380,174)	(171,400)	0	(6,551,574)
Furniture and equipment	(1,350,470)	(96,109)	0	(1,446,579)
Vehicles	(1,513,459)	(193,141)	0	(1,706,600)
Total accumulated depreciation	(9,244,103)	(460,650)	0	(9,704,753)
<i>Total capital assets being depreciated, net</i>	3,999,072	(314,959)	0	3,684,113
<i>Governmental activities capital assets, net</i>	<u>\$ 4,477,731</u>	<u>\$ (314,959)</u>	<u>\$ 0</u>	<u>\$ 4,162,772</u>
 <b>Business-Type Activities</b>				
Furniture and equipment	\$ 203,977	\$ 0	\$ 0	\$ 203,977
Less accumulated depreciation	(151,194)	(5,180)	0	(156,374)
<i>Business-Type Activities Capital Assets, net</i>	<u>\$ 52,783</u>	<u>\$ (5,180)</u>	<u>\$ 0</u>	<u>\$ 47,603</u>

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

**NOTE 8 – CAPITAL ASSETS (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:			
Regular	\$	81,560	
Special		2,620	
Vocational		2,006	
Support Services:			
Pupils		5,236	
Instructional Staff		9,759	
Administration		10,561	
Fiscal		1,849	
Operation and Maintenance of Plant		130,667	
Pupil Transportation		184,087	
Central		29,141	
Operation of Non-Instructional Services		133	
Extracurricular Activities		3,031	
		460,650	
Total Depreciation Expense	\$	460,650	

**NOTE 9 – INTERFUND BALANCES**

As of June 30, 2004, receivables and payables that resulted from cash advances from the General Fund to other funds were as follows:

<u>Fund</u>	Balance Sheet		Statement of Net Assets	
	Interfund Receivable	Interfund Payable	Interfund Receivable	Interfund Payable
General	\$ 47,800	\$ 0	\$ 225,000	\$ 0
Food Service	0	35,000	.	60,000
5th Quarter Fund	0	4,200	0	0
Title IV	0	4,500	0	0
Title VI-R	0	4,100	0	0
Rainbow Child Care	0	0	0	165,000
	0	0	0	165,000
Totals	\$ 47,800	\$ 47,800	\$ 225,000	\$ 225,000

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

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 10 – INTERFUND TRANSFERS**

During fiscal year 2004 the general fund made transfers of \$979 to the athletic district managed special revenue fund, \$126 to the agency fund, and \$50,000 to the food service fund. These transfers were made to move unrestricted balances to support programs and projects accounted for in other funds.

**NOTE 11 – RISK MANAGEMENT**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2004, the School District contracted with Ohio School Insurance Program for commercial and business insurance coverage.

Commercial property liability insurance carries a blanket limit of \$45,814,073 with a \$1,000 deductible. Business auto coverage provides a \$2,000,000 combined single limit liability and a \$500 deductible for collision and comprehensive.

During fiscal year 2004, the School District joined together with other school districts in Ohio to participate in the Ohio School Insurance Program (OSIP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSIP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects.

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

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

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 11 – RISK MANAGEMENT (Continued)**

***B. Other Employee Benefits***

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

The School District has elected to provide dental, medical, and prescription drug coverage benefits through a self-insurance program. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a dental plan with a \$68.35 family and \$27.57 single premium, a medical plan with a \$697.54 family and \$310.89 single premium, and a prescription plan with a \$5 generic premium. The monthly premium coverage for this plan is \$195.05 family and \$80.63 single deductible. The School District is responsible for payment of all medical and dental claim amounts in excess of the employee payment percentages established in the Plan document. A third party administrator, Self-Funded, Inc., reviews and pays all prescription claims.

The claims liability of \$457,556 reported in the internal service fund at June 30, 2004 is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Charges in the fund's claims liability amount for 2003 and 2004 were:

	<u>Balance at Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>Balance at End of Year</u>
2003	\$ 495,000	\$ 1,720,401	\$ 2,009,579	\$ 205,822
2004	\$ 205,822	\$ 2,485,172	\$ 2,414,266	\$ 276,728

**NOTE 12 – EMPLOYEE BENEFITS**

***A. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work 260 days per year earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days. Upon retirement, payment is made for one-fourth of the total unused sick leave based on the number of credited service years. The maximum are as follows:

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

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 12 – EMPLOYEE BENEFITS (Continued)**

***B. Life/Medical Insurance***

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

***C. Retirement Incentive***

In addition to severance benefits and STRS pension benefits, certified employees are offered a one-time retirement incentive of \$10,000 during the first year of eligibility for retirement. The employee has only one opportunity to accept or reject the bonus incentive opportunity. The certified employee must be able to retire by August 22 of the year of the request for benefit. If rejected in the initial year of opportunity, the employee does not have a second chance to select the bonus option. The benefit is paid in the next calendar year following the year of retirement. At June 30, 2004, there is a retirement incentive liability for the School District in the amount of \$20,000.

**NOTE 13 – DEFINED BENEFIT PENSION PLANS**

***A. School Employees Retirement System***

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

Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with remainder being used to fund health care benefits; for fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17% was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003 and 2002 were \$205,553, \$170,258 and \$152,142, respectively; 57% has been contributed for fiscal year 2004 and 100% for fiscal years 2003 and 2002. \$87,530, represents the unpaid contribution for fiscal year 2004. The balance outstanding is reflected as an intergovernmental payable.

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)**

***B. State Teachers Retirement System***

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2002, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2004, plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2004, 2003 and 2002 were \$877,223, \$790,598 and \$721,786, respectively; 75% has been contributed for fiscal year 2004 and 100% for fiscal years 2003 and 2002. \$215,404, represents the unpaid contribution for fiscal year 2004. The balance outstanding is reflected as an intergovernmental payable within the respective funds.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2004, all members of the Board of Education have elected social security. The Board's liability is 6.2% of wages paid.

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 14 - POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14% of covered payroll. For the fiscal year ended June 30, 2004, the STRS Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$85,875 for fiscal year 2004.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2004, the balance in the fund was \$3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 years or more fiscal years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay was established at \$25,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2004 fiscal year equaled \$76,717.

The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for the maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150% of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004, were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

**NOTE 15 - GENERAL LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during the fiscal year 2004 were as follows:

	<u>Outstanding 6/30/2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 6/30/2004</u>	<u>Due in One Year</u>
<b>Governmental Activities:</b>					
Compensated Absences payable	\$ 894,312	\$ 163,915	\$ 0	\$ 1,058,227	\$ 109,591
Capital lease	<u>32,012</u>	<u>0</u>	<u>(7,386)</u>	<u>24,626</u>	<u>7,783</u>
	<u>\$ 926,324</u>	<u>\$ 163,915</u>	<u>\$ (7,386)</u>	<u>\$ 1,082,853</u>	<u>\$ 117,374</u>
<b>Business Type Activities:</b>					
Compensated Absences	<u>\$ 18,787</u>	<u>\$ 6,962</u>	<u>\$ 0</u>	<u>\$ 25,749</u>	<u>\$ 3,161</u>

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

**NOTE 16 – CAPITAL LEASE**

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

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

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2004:

<u>Fiscal Year Ending June 30,</u>	<u>Long-Term Obligations</u>
2005	\$ 9,107
2006	9,107
2007	<u>9,107</u>
Total minimum lease payments	27,321
Less: amount representing interest	<u>2,695</u>
Present value of minimum lease payments	<u>\$ 24,626</u>

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 17 - RELATED ORGANIZATIONS**

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

The Ohio Mid Eastern Regional Educational Service Agency (OME-RESA) is jointly governed organization created as a regional council of governments pursuant to State statues. OME-RESA provides financial accounting services, and educational management information system, cooperative purchased services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District's continued participation and no equity interest exists. OME-RESA has no outstanding debt. The River View Local School District paid \$75,452 to OME-RESA during fiscal year 2004 for services. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Steubenville, OH 43952.

***B. Coshocton County Joint Vocational School District***

Coshocton County Joint Vocational School District is a jointly governed organization providing vocational services to its three member school districts. The joint vocational school is governed by a five-member board of education of which two members are appointed by the River View Local School District, two members are appointed by the Coshocton City School District and one member is appointed by the Ridgewood Local School District. The board controls the financial activity of the Joint Vocational School District. The Joint Vocational School District receives no direct funding from the member school districts. The continued existence of the Joint Vocational School District is not dependent on the River View Local School District's continued participation and no equity interest exists. The School District paid \$907 to Coshocton County Joint Vocational School District during fiscal year 2004.

**NOTE 18 – CLAIMS SERVICING POOL**

***Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan (Plan)*** – The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) self-insurance Plan, a claims servicing pool comprised of fifty members. Each participant is a member of the assembly. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the OME-RESA's assembly. Each member pays a monthly premium based on their claims history and a monthly administration fee. The River View Local School District paid \$111,261 to OME-RESA during fiscal year 2004 for services. All participating members retain their risk and the Plan acts as the claims servicing agent.

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 19 – SET ASIDES**

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2004, only the unspent portion of certain workers' compensation refunds continues to be set aside.

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

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbook Instructional Materials Reserve
Set-aside reserve balance as of 6/30/2003	\$ 80,351	\$ 0	\$ (674,943)
Current year set-aside requirement	0	362,962	362,962
Qualifying disbursements	0	(406,521)	(368,203)
<b>Totals</b>	<u>\$ 80,351</u>	<u>\$ (43,559)</u>	<u>\$ (680,184)</u>
Set-aside balance carried forward to future fiscal years	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (680,184)</u>
Set-aside reserve balance as of 6/30/2004	<u>\$ 80,351</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**River View Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 20 – STATE SCHOOL FUNDING DECISION**

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

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

**NOTE 21 – CONTINGENCIES**

***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2004.

***B. Litigation***

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

**RIVER VIEW LOCAL SCHOOL DISTRICT  
COSHOCKTON COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Pass Through Ohio Department of Education:</i>						
Child Nutrition Cluster						
Food Distribution	N/A	10.550		\$44,437		\$41,958
School Breakfast Program	N/A	10.553	\$47,555		\$47,555	
National School Lunch Program	N/A	10.555	180,849		180,849	
Total Child Nutrition Cluster			<u>228,404</u>	<u>44,437</u>	<u>228,404</u>	<u>41,958</u>
Child and Adult Care Food Program	N/A	10.558	30,355		30,355	
Total U.S. Department of Agriculture			<u>258,759</u>	<u>44,437</u>	<u>258,759</u>	<u>41,958</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Pass Through Ohio Department of Education:</i>						
Title I	C1-S1-03	84.010	59,435		64,384	
	C1-S1-04		505,005		506,148	
Total Title I			<u>564,440</u>		<u>570,532</u>	
Special Education Cluster:						
Special Education Part B-IDEA	6B-SF-03P	84.027	31,351		40,881	
	6B-SF-04P		294,663		288,627	
Total Special Education Part B-IDEA			<u>326,014</u>		<u>329,508</u>	
Early Childhood Special Education, IDEA	PG-S1-03P	84.173	4,577		4,922	
	PG-S1-04P		15,610		14,424	
Total Early Childhood Special Education, IDEA			<u>20,187</u>		<u>19,346</u>	
Total Special Education Cluster			<u>346,201</u>		<u>348,854</u>	
Safe and Drug Free Schools, Title IV-A	DR-S1-2003	84.186	925		1,261	
	DR-S1-2004		7,648		12,592	
Total Safe and Drug Free Schools, Title IV-A			<u>8,573</u>		<u>13,853</u>	
Innovative Education Program Strategies, Title V	C2-S1-03	84.298			871	
	C2-S1-04		16,608		15,423	
Total Innovative Education Program Strategies, Title V			<u>16,608</u>		<u>16,294</u>	
Improving Teacher Quality, Title II-A	CR-S1-03	84.367			9,598	
	CR-S1-04		92,582		114,015	
Improving Teacher Quality, Title II-A			<u>92,582</u>		<u>123,613</u>	
Technology, Title II-D	TJ-S1-04	84.318	11,382		10,409	
Total U.S. Department of Education			<u>1,039,786</u>		<u>1,083,555</u>	
Totals			<u>\$1,298,545</u>	<u>\$44,437</u>	<u>\$1,342,314</u>	<u>\$41,958</u>

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

**RIVER VIEW LOCAL SCHOOL DISTRICT  
COSHOCKTON COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2004**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2004, the District had no significant food commodities in inventory.



**Auditor of State  
Betty Montgomery**

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

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

To the Board of Education:

We have audited the basic financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of River View Local School District, Coshocton County, Ohio, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 14, 2005, in which we noted the District increased its capitalization threshold for capital assets from \$500 to \$2,500. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2004-001.

We also noted other immaterial instances of noncompliance that we have reported to the District's management in a separate letter dated February 14, 2005.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the District's management in a separate letter dated February 14, 2005.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 14, 2005



**Auditor of State  
Betty Montgomery**

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

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

To the Board of Education:

**Compliance**

We have audited the compliance of the River View Local School District, Coshocton County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2004. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

**Internal Control Over Compliance**

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

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 14, 2005

**RIVER VIEW LOCAL SCHOOL DISTRICT  
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2004**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

**FINDING NUMBER 2004-001**

**Ohio Rev. Code Section 5705.10** states, in part, that money that is paid into any fund must be used only for the purposes for which such fund has been established.

Throughout the year, the District had negative cash fund balances, up to the amounts listed, in the following funds:

Governmental Fund Type:

PSS/Quest Fund	(\$ 267)
Public Preschool Fund	( 787)
Idea Part B Grant Fund	( 76,396)
Title I	(119,652)
Title VI	( 2,144)
Early Childhood Special Education	( 2,618)
Title II-A	( 29,331)
Athletics	( 1,087)
Safe School Helpline	( 2,722)
Title IV	( 683)
Title II-D	( 800)
Entry Teacher	( 220)

Business Fund Type:

Food Service Fund	( 11,786)
Rainbow Day Care Fund	( 41,167)

As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund. Money spent for purposes other than specified in grant agreements could result in the loss of future grant awards. Fund activity should be monitored to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Rev. Code.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



**Auditor of State  
Betty Montgomery**

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**RIVER VIEW LOCAL SCHOOL DISTRICT  
COSHOCKTON COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 12, 2005**