



**Auditor of State
Betty Montgomery**

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCKTON 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 financial statements of the governmental 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, 2005, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 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, each major fund, and the aggregate remaining fund information of River View Local School District, Coshocton County, Ohio, as of June 30, 2005, and the respective changes in financial position and, where applicable, cashflows, thereof and the budgetary comparison for the General Fund, Food Service Fund and Rainbow Day Care Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the Rainbow Child Care Fund and the Food Service Fund were reclassified from Business Type Activities to Governmental Activities. Accordingly, the Governmental and Business Type Activities net asset balances as of June 30, 2004 were restated.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2006, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards receipt and expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the federal awards receipt and expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Betty Montgomery
Auditor of State

February 24, 2006

River View Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

The discussion and analysis of the River View Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2005. 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 2005 are as follows:

- In total, net assets of governmental activities increased \$1,193,910.
- Revenues for governmental activities totaled \$21,543,879. Of this total, \$17,021,411 or approximately 79 percent consisted of general revenues while program revenues accounted for the balance of \$4,522,468 or approximately 21 percent.
- The assets of governmental activities increased by \$586,902.
- The School District had \$20,349,969 in expenses related to governmental activities; only \$4,522,468 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and school foundation) of \$17,021,411 were adequate to provide for these programs.
- Program expenses totaled \$20,349,969. Instructional expenses made up \$11,418,762 or 56 percent of this total while support services accounted for \$7,628,368 or 38 percent. Other expenses, \$1,302,839 rounded out the remaining 6 percent.

Using this Annual Financial 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, 2005
(Unaudited)

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the views of the School District as a whole considers all financial transactions and asks the questions, "Are we in better financial position this year than last?" and "Why?" or "Why not?"

The *Statement of Net Assets* and the *Statement of Activities* answer these questions. These statements include *all assets* and *liabilities* using the *accrual basis of accounting*, similar to the accounting used by most private-sector companies. Accrual 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 states to the readers whether or not the School District's financial situation has improved or declined. The causes of these changes may be the result of many factors, some financial, some not. A few of those variables may include the School District's property tax base, current property tax laws in Ohio which restricting revenue growth, facility conditions, required educational programs, and other factors.

In the *Statement of Net Assets* and the *Statement of Activities*, all of the School District's programs and services are reported as governmental activities including instruction, support services, operation of non-instructional services, operation of food service, extracurricular activities and interest and fiscal charges.

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, permanent improvement fund, food service fund and Rainbow Child Care 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.

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

River View Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

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 2005 compared to 2004:

Table 1
Net Assets
Governmental Activities

	2005	2004
Assets		
Current and Other Assets	\$ 13,244,877	\$ 12,549,072
Capital Assets	4,101,472	4,210,375
<i>Total Assets</i>	17,346,349	16,759,447
Liabilities		
Other Liabilities	10,100,180	10,648,502
Long-Term Liabilities		
Due Within One Year	60,348	120,535
Due in More Than One Year	989,568	988,067
<i>Total Liabilities</i>	11,150,096	11,757,104
Net Assets		
Invested in Capital Assets, Net of Related Debt	3,950,231	4,185,749
Restricted For:		
Capital Outlay	1,640,280	1,277,597
Other Purposes	272,475	136,618
Unrestricted (Deficit)	333,267	(597,621)
<i>Total Net Assets</i>	\$ 6,196,253	\$ 5,002,343

Total assets increased by \$586,902. The majority of this increase can be attributed to an increase in cash and investments.

Total liabilities decreased by \$607,008. The majority of the decrease was the result of decreased accrued wages and benefits.

Table 2 shows the changes in net assets for fiscal year 2005. 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.

River View Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Table 2
Change in Net Assets
Governmental Activities

	2005	2004
Revenues		
<i>Program Revenues</i>		
Charges for Services	\$ 1,233,153	\$ 1,385,934
Operating Grants	3,007,241	2,042,210
Capital Grants	282,074	0
<i>Total Program Revenues</i>	<u>4,522,468</u>	<u>3,428,144</u>
<i>General Revenues</i>		
Property Taxes	8,127,258	7,759,015
Grants and Entitlements	8,648,664	9,435,400
Investment Earnings	77,733	40,412
Miscellaneous	167,756	226,492
<i>Total General Revenues</i>	<u>17,021,411</u>	<u>17,461,319</u>
Total Revenues	<u>21,543,879</u>	<u>20,889,463</u>
Program Expenses		
Instruction:		
Regular	8,847,019	9,092,733
Special	2,075,901	2,347,775
Vocational	495,842	482,138
Support Services:		
Pupils	699,954	768,360
Instructional Staff	1,087,308	1,115,661
Board of Education	169,030	38,045
Administration	1,545,831	1,533,783
Fiscal	604,397	564,062
Operation and Maintenance of Plant	1,721,334	1,750,590
Pupil Transportation	1,457,445	1,707,594
Central	343,069	249,056
Operation of Non-Instructional Services:		
Food Service Operations	864,844	893,500
Community Services	51,704	572,156
Extacurricular Activities	381,524	394,049
Interest and Fiscal Charges	4,767	1,721
<i>Total Program Expenses</i>	<u>20,349,969</u>	<u>21,511,223</u>
Net Transfers	0	(126)
Change in Net Assets	1,193,910	(621,886)
Net Assets Beginning of Year	<u>5,002,343</u>	<u>5,624,229</u>
Net Assets End of Year	<u>\$ 6,196,253</u>	<u>\$ 5,002,343</u>

River View Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Governmental Activities

The School District has carefully planned its financial existence by forecasting its revenues and expenses over the next five years. Property taxes made up 40 percent of revenues for governmental activities for the School District in fiscal year 2005. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs.

Instruction comprises 56 percent of governmental program expenses. Additional supporting services for pupils, staff and business operations encompassed an additional 37 percent. The remaining 7 percent of program expenses is used for other obligations of the School District such as non-instructional services, extracurricular activities and interest and fiscal charges.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons of 2005 to 2004 have been made in Table 3.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	Total Cost of Service 2005	Total Cost of Service 2004	Net Cost of Service 2005	Net Cost of Service 2004
Program Expenses				
Instruction:				
Regular	\$ 8,847,019	\$ 9,092,733	\$ (8,351,038)	\$ (8,651,847)
Special	2,075,901	2,347,775	(832,519)	(1,740,284)
Vocational	495,842	482,138	(490,253)	(466,342)
Support Services:				
Pupils	699,954	768,360	(290,175)	(674,742)
Instructional Staff	1,087,308	1,115,661	(166,115)	(718,559)
Board of Education	169,030	38,045	(168,965)	(37,253)
Administration	1,545,831	1,533,783	(1,394,961)	(1,356,192)
Fiscal	604,397	564,062	(604,397)	(546,270)
Operation and Maintenance of Plant	1,721,334	1,750,590	(1,551,060)	(1,595,036)
Pupil Transportation	1,457,445	1,707,594	(1,353,835)	(1,643,174)
Central	343,069	249,056	(259,001)	(205,137)
Operation of Non-Instructional Services:				
Food Service Operations	864,844	893,500	(75,009)	(57,743)
Community Services	51,704	572,156	(51,704)	(106,870)
Extracurricular Activities	381,524	394,049	(233,702)	(281,909)
Interest and Fiscal Charges	4,767	1,721	(4,767)	(1,721)
Total	\$ 20,349,969	\$ 21,511,223	\$ (15,827,501)	\$ (18,083,079)

River View Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

The dependence upon tax revenue for governmental activities is apparent. 40 percent of expenses are directly supported by local property taxes. Program revenues only account for 22 percent of all governmental expenses. Program revenues include charges for services, grants and contributions that are program specific. The community is the second largest area of support for the River View Local School District students.

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 \$21,306,472 and expenditures of \$21,171,114. The net change in fund balance for the year was an increase of \$286,568. The General Fund balance decreased \$80,615. The Food Service Fund balance decreased by \$8,351 and the Rainbow Child Care Fund balance increased by \$13,468. The Permanent Improvement Fund balance increased \$363,760 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.

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 main operating fund of the School District, the general fund.

During the course of fiscal year 2005, the School District amended the general fund budget monthly. For the general fund, budget basis revenue was \$17,727,666 representing a \$643,411 increase from the original budget estimates of \$17,084,255. Most of the difference is due to an underestimation of intergovernmental revenues. The School District's general fund unencumbered cash balance at the end of the fiscal year was \$1,473,695.

For the other non-significant budget amendments, the School District uses a site-based style of budgeting and has in place systems that are designed to tightly control total site budgets but provide flexibility for site management.

River View Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Capital Assets

At the end of fiscal year 2005, the School District had \$4,101,472 invested in land, buildings and improvements, furniture and equipment and vehicles. Table 4 reflects fiscal year 2005 balances compared to 2004. See Note 9 for further detail on capital assets.

Table 4
Capital Assets at June 30
Governmental Activities

	2005	2004
Land	\$ 478,659	\$ 478,659
Buildings and Improvements	2,453,123	2,559,175
Furniture and Equipment	594,956	593,340
Vehicles	574,734	579,201
Total Capital Assets	\$ 4,101,472	\$ 4,210,375

All capital assets, except land, are reported net of depreciation. The \$108,903 decrease in capital assets was a result of capital asset additions being less than annual depreciation.

Senate Bill 345 requires the School District to set aside \$151.74 per pupil of certain general fund revenues in each of two areas, one for the purchase of textbooks and materials related to instruction and the other for capital outlay. For fiscal year 2005, this amounted to \$354,289 for each set aside for River View Local School District. The School District has qualifying disbursements or offsets exceeding these requirements for capital improvements and textbooks.

Current Financial Related Activities

River View Local School District remains strong financially at June 30, 2005; however, the five-year forecast projects deficit spending by fiscal year 2007. 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 2006. An emergency operating levy would allow the District to remain at the "Floor" based on Ohio House Bill 920 for state funding purposes.

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.

River View Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Property taxes made up 38% of revenues for governmental activities for the River View Local School District in fiscal year 2005.

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 House Bill 66, 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.

In May 2005, the River View Board of Education approved a preliminary agreement with the Coshocton County Headstart to take over the operation of River View Rainbow Child Care and to lease the building from the District. The lease and transition of the operation of the Child Care has been favorable for the District. The Child Care program has struggled financially for several years and the District could no longer afford to maintain the much needed child care services.

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.

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River View Local School District

Statement of Net Assets

June 30, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 3,379,828
Cash and Cash Equivalents:	
In Segregated Accounts	551,848
With Fiscal Agents	25,434
Investments	394,333
Receivables:	
Taxes	8,046,295
Accounts	24,216
Intergovernmental	651,165
Prepaid Items	10,537
Inventory Held For Resale	9,464
Materials and Supplies	151,757
Nondepreciable Capital Assets	478,659
Depreciable Capital Assets (Net)	<u>3,622,813</u>
<i>Total Assets</i>	<u>17,346,349</u>
Liabilities	
Accounts Payable	179,879
Accrued Wages and Benefits	1,546,271
Compensated Absences Payable	119,246
Accrued Vacation Payable	47,230
Early Retirement Incentive Payable	20,000
Intergovernmental Payable	459,473
Deferred Revenue	7,390,900
Claims Payable	337,181
Long Term Liabilities:	
Due Within One Year	60,348
Due Within More Than One Year	<u>989,568</u>
<i>Total Liabilities</i>	<u>11,150,096</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	3,950,231
Restricted for:	
Capital Projects	1,640,280
Other Purposes	272,475
Unrestricted	<u>333,267</u>
<i>Total Net Assets</i>	<u>\$ 6,196,253</u>

See accompanying notes.

River View Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2005

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 8,847,019	\$ 71,598	\$ 415,206	\$ 9,177	\$ (8,351,038)
Special	2,075,901	5,513	1,237,869	0	(832,519)
Vocational	495,842	0	5,589	0	(490,253)
Support services:					
Pupils	699,954	289,232	120,547	0	(290,175)
Instructional Staff	1,087,308	256,845	664,348	0	(166,115)
Board of Education	169,030	0	65	0	(168,965)
Administration	1,545,831	0	150,870	0	(1,394,961)
Fiscal	604,397	0	0	0	(604,397)
Operation and Maintenance of Plant	1,721,334	0	2,511	167,763	(1,551,060)
Pupil Transportation	1,457,445	0	54,455	49,155	(1,353,835)
Central	343,069	0	28,089	55,979	(259,001)
Operation of Non-Instructional services:					
Food Service Operations	864,844	477,315	312,520	0	(75,009)
Community Services	51,704	0	0	0	(51,704)
Extracurricular Activities	381,524	132,650	15,172	0	(233,702)
Interest and Fiscal Charges	4,767	0	0	0	(4,767)
<i>Total Governmental Activities</i>	<u>\$ 20,349,969</u>	<u>\$ 1,233,153</u>	<u>\$ 3,007,241</u>	<u>\$ 282,074</u>	<u>(15,827,501)</u>

General Revenues

Property Taxes Levied for:	
General Purposes	7,661,058
Capital Outlay	466,200
Grants and Entitlements not Restricted to Specific Programs	8,648,664
Investment Earnings	77,733
Miscellaneous	167,756
<i>Total General Revenues</i>	<u>17,021,411</u>
Change in Net Assets	1,193,910
<i>Net Assets Beginning of Year</i>	<u>5,002,343</u>
<i>Net Assets End of Year</i>	<u>\$ 6,196,253</u>

See accompanying notes.

River View Local School District

*Balance Sheet
Governmental Funds
June 30, 2005*

	General	Permanent Improvement	Food Service	Rainbow Child Care	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 1,480,783	\$ 1,632,976	\$ 27,570	\$ 1,837	\$ 107,156	\$ 3,250,322
Restricted Cash and Cash Equivalents	129,506	0	0	0	0	129,506
Investments	394,333	0	0	0	0	394,333
Receivables:						
Taxes	7,584,318	461,977	0	0	0	8,046,295
Accounts	21,547	0	359	927	1,383	24,216
Interfund	46,518	0	0	0	0	46,518
Intergovernmental	585	0	31,065	22,651	596,864	651,165
Prepaid Items	10,537	0	0	0	0	10,537
Inventory Held For Resale	0	0	9,464	0	0	9,464
Materials and Supplies	125,404	0	1,338	1,275	23,740	151,757
Advances to Other Funds	225,000	0	0	0	0	225,000
<i>Total Assets</i>	<u>\$ 10,018,531</u>	<u>\$ 2,094,953</u>	<u>\$ 69,796</u>	<u>\$ 26,690</u>	<u>\$ 729,143</u>	<u>\$ 12,939,113</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$ 97,149	\$ 30,736	\$ 277	\$ 6,104	\$ 45,613	\$ 179,879
Accrued Wages and Benefits	1,349,915	0	57,199	16,497	122,660	1,546,271
Compensated Absences Payable	107,269	0	0	8,610	3,367	119,246
Interfund Payable	0	0	0	0	46,518	46,518
Intergovernmental Payable	375,194	0	22,930	23,479	37,870	459,473
Deferred Revenue	7,326,923	446,299	0	0	305,475	8,078,697
Advances from Other Funds	0	0	60,000	165,000	0	225,000
Early Retirement Incentive Payable	20,000	0	0	0	0	20,000
<i>Total Liabilities</i>	<u>9,276,450</u>	<u>477,035</u>	<u>140,406</u>	<u>219,690</u>	<u>561,503</u>	<u>10,675,084</u>
Fund Balances						
Reserved for Encumbrances	422,948	145,527	3,063	5,026	136,839	713,403
Reserved for Bus Purchase Allowance	49,155	0	0	0	0	49,155
Reserved for Property Taxes	257,395	15,678	0	0	0	273,073
Reserved for Inventory	125,404	0	10,802	1,275	23,740	161,221
Reserved for Budget Stabilization	80,351	0	0	0	0	80,351
Undesignated, Reported in:						
General Fund	(193,172)	0	0	0	0	(193,172)
Special Revenue Funds	0	0	(84,475)	(199,301)	4,730	(279,046)
Capital Projects Funds	0	1,456,713	0	0	2,331	1,459,044
<i>Total Fund Balances</i>	<u>742,081</u>	<u>1,617,918</u>	<u>(70,610)</u>	<u>(193,000)</u>	<u>167,640</u>	<u>2,264,029</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 10,018,531</u>	<u>\$ 2,094,953</u>	<u>\$ 69,796</u>	<u>\$ 26,690</u>	<u>\$ 729,143</u>	<u>\$ 12,939,113</u>

See accompanying notes.

River View Local School District
Reconciliation of Total Fund Balances to
Net Assets of Governmental Activities
June 30, 2005

Total Governmental Fund Balances	\$	2,264,029
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		4,101,472
--	--	-----------

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Grants	\$ 305,475	
Delinquent Property Taxes	382,322	687,797

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.		240,101
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Long-term liabilities, including compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds:		
Accrued Vacation Payable	(47,230)	
Compensated Absences	(898,675)	
Capital Leases Payable	(151,241)	(1,097,146)

Net Assets of Governmental Activities	\$	6,196,253
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See accompanying notes.

River View Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2005

	General	Permanent Improvement	Food Service	Rainbow Child Care	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$ 7,631,288	\$ 464,372	\$ 0	\$ 0	\$ 0	\$ 8,095,660
Intergovernmental	9,281,573	198,507	312,520	233,115	1,629,743	11,655,458
Investment Income	77,733	0	0	0	0	77,733
Tuition and Fees	338,807	0	0	0	22,157	360,964
Extracurricular Activities	24,150	0	0	0	108,977	133,127
Rentals	3,010	0	0	0	0	3,010
Charges for Services	1,892	0	477,315	256,845	0	736,052
Contributions and Donations	0	9,107	0	15,200	52,405	76,712
Miscellaneous	128,737	0	0	15,696	23,323	167,756
<i>Total Revenues</i>	<u>17,487,190</u>	<u>671,986</u>	<u>789,835</u>	<u>520,856</u>	<u>1,836,605</u>	<u>21,306,472</u>
Expenditures						
Current:						
Instruction:						
Regular	8,685,169	24,385	0	132,100	342,893	9,184,547
Special	1,636,953	0	0	0	536,532	2,173,485
Vocational	518,852	0	0	0	6,300	525,152
Support services:						
Pupils	586,214	13,536	0	9,785	102,696	712,231
Instructional Staff	566,068	2,422	0	175,743	437,430	1,181,663
Board of Education	169,031	0	0	0	0	169,031
Administration	1,307,535	6,042	0	29,633	141,694	1,484,904
Fiscal	564,774	13,665	0	44,014	2,696	625,149
Operation and Maintenance of Plant	1,490,610	152,544	966	59,408	5,290	1,708,818
Pupil Transportation	1,495,403	11,529	0	2,395	40,541	1,549,868
Central	191,737	74,996	0	0	72,479	339,212
Operation of Non-Instructional Services:						
Food Service Operations	0	0	897,220	739	0	897,959
Community Services	0	0	0	53,571	1,939	55,510
Extracurricular Activities	236,524	0	0	0	147,809	384,333
Capital Outlay	150,550	0	0	0	0	150,550
Debt service:						
Principal Retirement	16,152	7,783	0	0	0	23,935
Interest and Fiscal Charges	3,443	1,324	0	0	0	4,767
<i>Total Expenditures</i>	<u>17,619,015</u>	<u>308,226</u>	<u>898,186</u>	<u>507,388</u>	<u>1,838,299</u>	<u>21,171,114</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(131,825)</u>	<u>363,760</u>	<u>(108,351)</u>	<u>13,468</u>	<u>(1,694)</u>	<u>135,358</u>
Other Financing Sources (Uses)						
Inception of Capital Lease	150,550	0	0	0	0	150,550
Proceeds from Sale of Capital Assets	660	0	0	0	0	660
Transfers In	0	0	100,000	0	0	100,000
Transfers Out	(100,000)	0	0	0	0	(100,000)
<i>Total Financing Sources and (Uses)</i>	<u>51,210</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>151,210</u>
<i>Net Change in Fund Balance</i>	<u>(80,615)</u>	<u>363,760</u>	<u>(8,351)</u>	<u>13,468</u>	<u>(1,694)</u>	<u>286,568</u>
<i>Fund Balance (Deficit) Beginning of Year - Restated</i>	<u>822,696</u>	<u>1,254,158</u>	<u>(62,259)</u>	<u>(206,468)</u>	<u>169,334</u>	<u>1,977,461</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 742,081</u>	<u>\$ 1,617,918</u>	<u>\$ (70,610)</u>	<u>\$ (193,000)</u>	<u>\$ 167,640</u>	<u>\$ 2,264,029</u>

See accompanying notes.

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	\$	286,568
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	\$ 321,822	
Current Year Depreciation	<u>(424,658)</u>	(102,836)
 Net effect of transactions involving sale of capital assets are not reflected in the funds		
		(6,067)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	205,809	
Delinquent Property Taxes	<u>31,598</u>	237,407
 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.		
		23,935
 Proceeds of capital lease transactions are recorded as revenues in the funds, however, on the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.		
		(150,550)
 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.		
Accrued Vacation Payable	(47,230)	
Compensated Absences	185,301	
Pension Obligation	<u>143,185</u>	281,256
 The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net revenue (expense) of internal service funds is reported with governmental activities.		
		<u>624,197</u>
Change in Net Assets of Governmental Activities	<u>\$</u>	<u>1,193,910</u>

See accompanying notes.

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, 2005*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$ 7,745,962	\$ 7,750,108	\$ 7,555,670	\$ (194,438)
Intergovernmental	8,917,720	9,451,531	9,300,857	(150,674)
Investment Income	30,578	70,199	77,733	7,534
Tuition and Fees	376,128	383,088	339,177	(43,911)
Extracurricular Activities	0	24,325	24,150	(175)
Rentals	3,272	3,272	3,010	(262)
Charges for Services	0	1,892	1,892	0
Contributions and Donations	1,045	17,435	16,935	(500)
Miscellaneous	9,550	25,816	28,145	2,329
<i>Total Revenues</i>	<u>17,084,255</u>	<u>17,727,666</u>	<u>17,347,569</u>	<u>(380,097)</u>
Expenditures				
Current:				
Instruction:				
Regular	3,874,205	9,147,718	8,933,571	214,147
Special	1,383,593	1,932,098	1,757,598	174,500
Vocational	415,284	578,213	530,868	47,345
Support Services				
Pupils	507,022	646,625	610,436	36,189
Instructional Staff	699,189	711,586	585,894	125,692
Board of Education	90,255	179,769	165,316	14,453
Administration	1,120,440	1,395,985	1,359,486	36,499
Fiscal	556,777	602,637	558,732	43,905
Operation and Maintenance of Plant	1,442,863	1,688,036	1,552,130	135,906
Pupil Transportation	1,314,031	1,838,967	1,620,044	218,923
Central	149,856	215,856	208,412	7,444
Extracurricular Activities	205,897	283,048	236,001	47,047
<i>Total Expenditures</i>	<u>11,759,412</u>	<u>19,220,538</u>	<u>18,118,488</u>	<u>1,102,050</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,324,843</u>	<u>(1,492,872)</u>	<u>(770,919)</u>	<u>721,953</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	742	1,402	660	(742)
Refund of Prior Year Expenditures	114,774	128,774	77,992	(50,782)
Refund of Prior Year Receipts	0	(995)	(995)	0
Advances In	0	12,800	12,800	0
Advances Out	0	(3,000)	(46,518)	(43,518)
Transfers Out	0	0	(100,000)	(100,000)
<i>Total Other Financing Sources (Uses)</i>	<u>115,516</u>	<u>138,981</u>	<u>(56,061)</u>	<u>(195,042)</u>
<i>Net Change in Fund Balance</i>	5,440,359	(1,353,891)	(826,980)	526,911
<i>Fund Balance Beginning of Year</i>	1,949,835	1,949,835	1,949,835	0
Prior Year Encumbrances Appropriated	350,840	350,840	350,840	0
<i>Fund Balance End of Year</i>	<u>\$ 7,741,034</u>	<u>\$ 946,784</u>	<u>\$ 1,473,695</u>	<u>\$ 526,911</u>

See accompanying notes.

River View Local School District
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Food Service Fund
 For the Fiscal Year Ended June 30, 2005*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 242,244	\$ 265,170	\$ 294,820	\$ 29,650
Charges for Services	479,106	524,093	476,902	(47,191)
<i>Total Revenues</i>	<u>721,350</u>	<u>789,263</u>	<u>771,722</u>	<u>(17,541)</u>
Expenditures				
Current:				
Support Services:				
Operation and Maintenance of Plant	2,463	966	966	0
Operation of Non-Instructional Services:				
Food Service Operations	667,956	919,263	894,031	25,232
<i>Total Expenditures</i>	<u>670,419</u>	<u>920,229</u>	<u>894,997</u>	<u>25,232</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	50,931	(130,966)	(123,275)	7,691
Other Financing Sources				
Refund of Prior Year Expenditures	8	54	54	0
Operating Transfers In	0	100,000	100,000	0
<i>Total Other Financing Sources</i>	<u>8</u>	<u>100,054</u>	<u>100,054</u>	<u>0</u>
<i>Change in Fund Balance</i>	50,939	(30,912)	(23,221)	7,691
<i>Fund Balance Beginning of Year</i>	44,333	44,333	44,333	0
Prior Year Encumbrances Appropriated	3,117	3,117	3,117	0
<i>Fund Balance End of Year</i>	<u>\$ 98,389</u>	<u>\$ 16,538</u>	<u>\$ 24,229</u>	<u>\$ 7,691</u>

See accompanying notes.

River View Local School District
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Rainbow Child Care Center
 For the Fiscal Year Ended June 30, 2005*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 151,000	\$ 233,286	\$ 223,853	\$ (9,433)
Charges for Services	310,753	345,753	264,726	(81,027)
Contributions and Donations	18,700	18,700	15,200	(3,500)
Miscellaneous	1,900	2,618	2,862	244
<i>Total Revenues</i>	<u>482,353</u>	<u>600,357</u>	<u>506,641</u>	<u>(93,716)</u>
Expenditures				
Current:				
Instruction:				
Regular	111,967	134,470	132,889	1,581
Support Services:				
Pupils	440	2,940	2,500	440
Instructional Staff	184,855	222,246	186,066	36,180
Administration	30,018	35,625	30,284	5,341
Fiscal	27,677	43,518	43,003	515
Operation and Maintenance of Plant	44,884	62,736	61,975	761
Pupil Transportation	1,507	3,491	2,423	1,068
Operation of Non-Instructional Services:				
Food Service Operations	78,764	80,448	76,367	4,081
Community Services	59	59	0	59
<i>Total Expenditures</i>	<u>480,171</u>	<u>585,533</u>	<u>535,507</u>	<u>50,026</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,182</u>	<u>14,824</u>	<u>(28,866)</u>	<u>(43,690)</u>
Other Financing Source				
Refund of Prior Year Expenditures	<u>0</u>	<u>11,907</u>	<u>11,907</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	2,182	26,731	(16,959)	(43,690)
<i>Fund Balance Beginning of Year</i>	(11,196)	(11,196)	(11,196)	0
Prior Year Encumbrances Appropriated	<u>18,868</u>	<u>18,868</u>	<u>18,868</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 9,854</u>	<u>\$ 34,403</u>	<u>\$ (9,287)</u>	<u>\$ (43,690)</u>

See accompanying notes.

River View Local School District

Statement of Net Assets

Proprietary Funds

June 30, 2005

	<u>Governmental Activities - Internal Service Fund</u>
Assets	
Cash and Cash Equivalents:	
In Segregated Accounts	\$ 551,848
With Fiscal Agents	<u>25,434</u>
<i>Total Assets</i>	<u>577,282</u>
Liabilities	
Claims Payable	<u>337,181</u>
Net Assets	
Unrestricted	<u><u>\$ 240,101</u></u>

See accompanying notes.

River View Local School District
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2005

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for services	3,255,006
Operating Expenses	
Purchased services	188,921
Claims	2,443,818
<i>Total Operating Expenses</i>	2,632,739
<i>Operating Income</i>	622,267
Non-Operating Revenue	
Interest	1,930
<i>Change in Net Assets</i>	624,197
<i>Net Assets (Deficit) Beginning of Year</i>	(384,096)
<i>Net Assets End of Year</i>	\$ 240,101

See accompanying notes.

River View Local School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2005

	<u>Governmental Activities - Internal Service Fund</u>
<i>Increase in Cash and Cash Equivalents</i>	
Cash Flows From Operating Activities	
Cash Received from Customers	\$ 3,256,238
Cash Paid for Goods and Services	(188,921)
Cash Paid for Claims	<u>(2,383,365)</u>
<i>Net Cash Provided By Operating Activities</i>	<u>683,952</u>
Cash Flows From Non-Capital Financing Activities	
Advances to Other Funds	(108,600)
Cash Flows From Investing Activities	
Interest on Investments	<u>1,930</u>
<i>Net Increase in Cash and Cash Equivalents</i>	577,282
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>0</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$ 577,282</u></u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities	
Operating Income	\$ 622,267
Adjustments:	
Decrease in Accounts Receivable	1,232
Increase in Claims Payable	<u>60,453</u>
<i>Total Adjustments</i>	<u>61,685</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u><u>\$ 683,952</u></u>

See accompanying notes.

River View Local School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 28,631	\$ 49,679
Accounts Receivable	0	174
<i>Total Assets</i>	28,631	49,853
Liabilities		
Accounts Payable	0	\$ 1,330
Due to Students	0	48,523
<i>Total Liabilities</i>	0	\$ 49,853
Net Assets		
Held in Trust for Scholarships	\$ 28,631	

See accompanying notes.

River View Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Private Purpose Trust
	Scholarship
Additions	
Gifts and Contributions	\$ 1,865
Interest	244
<i>Total Additions</i>	2,109
Deductions	
Payments in Accordance with Trust Agreements	249
<i>Change in Net Assets</i>	1,860
<i>Net Assets Beginning of Year</i>	26,771
<i>Net Assets End of Year</i>	\$ 28,631

See accompanying notes.

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River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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 141 non-certificated, 169 certificated teaching personnel, who provide services to community members, preschool children and 2,623 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 three jointly governed organizations and one claims servicing pool. These organizations are the Ohio Mid-Eastern Regional Education Association, the Metropolitan Educational Council Coshocton County Joint Vocational School District, and Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan (until December 31, 2004). These organizations are presented in Notes 18 and 19 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 proprietary fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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 activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. 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 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. 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. The funds of the School District are divided into three categories: 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 balances. 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, 2005

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.

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.

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.

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, 2005

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets present 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 internal service fund.

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

D. Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or 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 7.) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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, 2005

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, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded 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 Process

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. Budgetary modifications at this level require resolution of the Board of Education. The treasurer has been given authority to allocate Board appropriations to the function and object levels within each fund.

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. 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, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds, including the internal service fund, are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements.

During fiscal year 2005, investments were limited to Federal Home Loan Bank Notes, certificates of deposit and STAROhio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer’s Office, which allows governmental 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 Rule2a7 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, 2005.

Following Ohio statues, 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 2005 amounted to \$77,733, which includes \$38,545 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the 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 restricted assets for bus purchase allowance and budget stabilization. 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, 2005, 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.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Inventory

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method, which means that the costs of inventory items are recorded as expenditures in the governmental funds when consumed.

On fund financial statements, reported inventories are equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net assets.

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

J. Capital Assets

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated 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:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	40 Years
Furniture and Equipment	5-20 Years
Vehicles	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 activities column of the statement of net assets.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 and accrued liabilities from internal service 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, compensated absences, capital leases 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

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. Repayment 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, 2005

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, inventory, 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. Net assets restricted for other purposes include instructional activities and grants.

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 fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. 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. Neither type of transaction occurred during fiscal year 2005.

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, 2005

NOTE 3 – RESTATEMENT OF NET ASSETS/FUND BALANCE

For fiscal year 2005, the School District has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures* and GASB Technical Bulletin 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers*.

GASB Statement No. 40 establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Statement No. 40, GASB Technical Bulletin No. 2004-2 and the change in capitalization threshold did not have a significant effect on the financial statements of the School District. Refer to Note 6 for additional documentation concerning GASB Statement No. 40.

Upon review of the Enterprise Food Service Fund, it was determined the charges for services generated by the food service program were not sufficient to cover the costs of the operation. Additionally, there was no debt pledged solely by net revenues from fees and charges, nor were there any laws or regulations requiring costs be recovered through fees and charges. Therefore, the School District has determined that Special Revenue Fund Type is a more appropriate classification for this activity. Accordingly, effective June 30, 2004, the entire Enterprise Fund Type has been eliminated and reclassified to the Special Revenue Fund Type. As a result, balances have been restated as follows:

<u>Statement of Net Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Enterprise Fund</u>
Net Assets, June 30, 2004	\$ 5,249,216	\$ (246,873)	\$ (246,873)
Reclassification of Rainbow Child Care Fund	(182,255)	182,255	182,255
Reclassification of Food Service Fund	<u>(64,618)</u>	<u>64,618</u>	<u>64,618</u>
Restated Net Assets, June 30, 2004	<u>\$ 5,002,343</u>	<u>\$ 0</u>	<u>\$ 0</u>

<u>Balance Sheet-Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance, June 30, 2004	\$ 2,246,188
Reclassification of Food Service Fund - Assets	98,401
Reclassification of Rainbow Child Care Fund - Assets	31,209
Reclassification of Food Service Fund - Liabilities	(160,660)
Reclassification of Rainbow Child Care Fund - Liabilities	<u>(237,677)</u>
Restated Fund Balance, June 30, 2004	<u>\$ 1,977,461</u>

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 4 – ACCOUNTABILITY

Fund balances at June 30, 2005 included the following individual fund deficits:

Governmental Funds:

Data Communications Subsidy	\$ 1,420
Rainbow	176,503
Summer Intervention	13,973
Miscellaneous State Grants	12
Title I	7,567
Title VI	956
Miscellaneous Federal Grants	19,370
Food Service	70,610

These deficits in funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required, not when accruals occur.

Also, contrary to Ohio Rev. Code Section 5705.10, the District had various negative fund balances throughout the year.

NOTE 5- BUDGETARY BASIS OF ACCOUNTING

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

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

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 5- BUDGETARY BASIS OF ACCOUNTING (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund, food service fund and Rainbow Child Care fund.

Net Change in Fund Balance

	General	Food Service	Rainbow Child Care
GAAP Basis	\$ (80,615)	\$ (8,351)	\$ 13,468
Net adjustment for revenue accruals	(199,379)	(18,059)	(2,308)
Net adjustment for expenditure accruals	(27,143)	6,529	(16,989)
Adjustment for encumbrances	(519,843)	(3,340)	(11,130)
Budget Basis	\$ (826,980)	\$ (23,221)	\$ (16,959)

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

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

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

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

- 1) United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

- 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 percent 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 one hundred and eighty days from the purchase date in any amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
- 8) Under limited circumstances, corporate debt interests 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 five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

According to state law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the government securities are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During 2005, the School District and public depositories complied with the provisions of these statutes.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District.

At fiscal year end, the carrying amount of the School District's deposits was \$4,227,240. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2005, \$3,755,176 of the School District's bank balance of \$4,381,167 was exposed to custodial risk as discussed above, while \$625,991 was covered by Federal Deposit Insurance Corporation.

Funds Held by Fiscal Agent

At June 30, 2005, the School District's Self Insurance Internal Service Fund had a cash balance of \$25,434 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.

Investments

As of June 30, 2005, the School District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities			
		6 Months or Less	7 to 12 Months	13 to 18 Months	19 to 24 Months
STAROhio	\$ 77,829	\$ 77,829	\$ 0	\$ 0	\$ 0
FHLB	99,250	0	99,250	0	0
Total	\$ 177,079	\$ 77,829	\$ 99,250	\$ 0	\$ 0

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, and according to state law, the School District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk. The School District's investments in FHLB were rated AAAM and Aaa by Standard & Poor's and Moody's Investor Services, respectively. STAROhio has been given an AAAM rating by Standard & Poor's.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk. The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the School District at June 30, 2005:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
STAROhio	\$ 77,829	44%
FHLB	99,250	56%
	<u>\$ 177,079</u>	<u>100%</u>

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 property (used in business) located in the School District. Real property tax revenue received in calendar 2005 represents collections of calendar 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State Law at thirty-five percent of appraised market value. 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 alternate payment dates to be established.

Public utility property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2004 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2005 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid 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.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 7 - PROPERTY TAXES (Continued)

The School District receives property taxes from Coshocton, Muskingum and Licking County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005, are available to finance fiscal year 2005 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, public utility property and tangible personal property taxes which are measurable as of June 30, 2005 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed personal property tax and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

At June 30, 2005, \$257,395 was available as an advance to the general fund and \$15,678 was available as an advance to the permanent improvement fund.

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

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second-Half Collections		2005 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 207,676,280	63%	\$ 210,798,580	63%
Public Utility Personal	82,946,170	25%	82,584,740	25%
Tangible Personal Property	40,269,862	12%	40,106,945	12%
Total Assessed Value	\$ 330,892,312	100%	\$ 333,490,265	100%
Tax rate per \$1,000 of assessed value	\$ 31.30		\$ 31.30	

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 8 – RECEIVABLES

Receivables at June 30, 2005, consisted of taxes, accounts (rent, student fees and tuition), accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of the state programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
General	\$ 585
Food Service	31,065
Rainbow Child Care	22,651
Ohio Reads	7,658
Miscellaneous State Grants	4,855
Title VI-B	178,258
Title I	168,966
Title VI	10,014
Title IV	10,491
Multi-Handicapped	10,240
Title VI-R	88,934
Title II-D	<u>117,448</u>
 Total Intergovernmental Receivables	 <u>\$ 651,165</u>

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2005 was as follows:

	Balance 6/30/2004	Additions	Deletions	Balance 6/30/2005
Governmental Activities				
<i>Capital Assets not being depreciated</i>				
Land	\$ 478,659	\$ 0	\$ 0	\$ 478,659
<i>Capital Assets being depreciated</i>				
Building and Improvements	9,110,749	48,720		9,159,469
Furniture and Equipment	2,196,293	147,061	(8,564)	2,334,790
Vehicles	2,285,801	126,041	(47,778)	2,364,064
<i>Total Capital Assets, being depreciated</i>	13,592,843	321,822	(56,342)	13,858,323
Less: Accumulated Depreciation				
Building and Improvements	(6,551,574)	(154,772)	0	(6,706,346)
Furniture and Equipment	(1,602,953)	(144,156)	7,275	(1,739,834)
Vehicles	(1,706,600)	(125,730)	43,000	(1,789,330)
<i>Total Accumulated Depreciation</i>	(9,861,127)	(424,658) *	50,275	(10,235,510)
<i>Total Capital Assets being depreciated, Net</i>	3,731,716	(102,836)	(6,067)	3,622,813
<i>Governmental Activities Capital Assets, Net</i>	\$ 4,210,375	\$ (102,836)	\$ (6,067)	\$ 4,101,472

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 62,127
Special	1,996
Vocational	1,528
Support Services:	
Pupils	3,988
Instructional Staff	7,434
Administration	81,815
Fiscal	1,408
Operation and Maintenance of Plant	99,532
Pupil Transportation	140,223
Central	22,197
Operation of Non-Instructional Services	101
Extracurricular Activities	2,309
Total Depreciation Expense	\$ 424,658

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 10 – INTERFUND TRANSACTIONS

A. Interfund Transfers

During the fiscal year, the general fund transferred \$100,000 to the food service fund. The reason for the transfer was to provide additional resources for current operations.

B. Interfund Balances

Interfund Payable	Interfund Receivable General
Uniform School Supplies	2,400
Ohio Reads	6,018
Miscellaneous State Grants	4,900
Title I	22,200
Multi-Handicapped	700
Title VI-R	7,400
Miscellaneous Federal Grants	2,900
Total	\$ 46,518

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances are expected to be repaid once the anticipated revenues are received.

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 2005, the School District contracted with Metropolitan Educational Council/Marsh for commercial and business insurance coverage.

During fiscal year 2005, the School District joined together with other school districts in Ohio to participate in the Metropolitan Educational Council/Marsh, a council of governments organized under Revised Code Section 167, with membership primarily consisting of Ohio public school districts. The Council is a joint self-insurance pool that provides for the purchase of certain policies of casualty, property, liability, and other types of insurance for the benefit of the Council and members.

Commercial property liability insurance carries a blanket limit of \$250,000,000 with a \$1,000 deductible. Business auto coverage provides a \$1,000,000 combined single limit liability and a \$1,000 deductible for collision and comprehensive.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 11 – RISK MANAGEMENT (Continued)

Professional and general liability is covered through the Metropolitan Educational Council with a \$1,000,000 per occurrence limit, a \$3,000,000 per year aggregate. The School District also has umbrella coverage that provides an additional \$5,000,000 aggregate/occurrence.

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

B. Other Employee Benefits

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

The School District has elected to provide dental, medical, and prescription drug coverage benefits through a self-insurance program. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a dental plan with a \$72.28 family and \$29.16 single premium, a medical plan with a \$822.38 family and \$366.53 single premium, and a three-tier prescription plan with a \$5 generic premium, \$20 formulary, or \$35 non-formulary premium. The monthly premium coverage for this prescription plan is \$206.27 family and \$85.27 single premium. The School District has negotiated with its employees to pay a portion of their medical insurance premiums. The School District is responsible for payment of all medical, prescription and dental claim amounts in excess of the employee payment percentages established in the Plan document.

Effective January 1, 2005, the School District changed its third party administrator from Gallagher Benefit Administrators to Cardinal Administrative Services, who reviews and pays all the medical, dental and prescription claims. The School District also left the OME-RESA Health Consortium and joined Direct Care of America network through AultCare. The School District is self-insured, but is no longer a member of a health consortium pool.

The claims liability of \$337,181 reported in the internal service fund at June 30, 2005 is based on the requirements of Governmental Accounting Standards board Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund’s claims liability amount for 2004 and 2005 were:

	<u>Balance at Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>Balance at End of Year</u>
2004	\$ <u>205,822</u>	\$ <u>2,485,172</u>	\$ <u>2,414,266</u>	\$ <u>276,728</u>
2005	\$ <u>276,728</u>	\$ <u>2,443,818</u>	\$ <u>2,383,365</u>	\$ <u>337,181</u>

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

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, 2005, there is a retirement incentive liability for the School District in the amount of \$20,000.

NOTE 13 – 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.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 13 –PENSION PLANS (Continued)

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent 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 2005, 9.09 percent of annual covered salary was the portion 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, 2005, 2004 and 2003 were \$405,960, \$205,553 and \$170,258, respectively; 52 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits, to members and death and survivor benefits to members and beneficiaries. STRS Ohio issues a stand-alone financial report that report may be obtained by writing to the STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371 or by calling (614) 227-4090.

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

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

For the fiscal year ended June 30, 2005, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS Ohio, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 13 –PENSION PLANS (Continued)

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2005, 2004 and 2003 were \$1,208,172, \$877,223 and \$790,598, respectively; 85 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003.

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, 2005, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System Ohio (STRS Ohio), 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 retirees of the DC and Combined Plan and their dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All 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 Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$86,298 for fiscal year 2005.

STRS Ohio pays health care benefits from the Health Care Reserve Fund. At June 30, 2004 (the latest information available), the balance in the fund was \$3.1 billion. For the year ended June 30, 2005, net health care costs paid by STRS Ohio were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten 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, Medicare eligibility and retirement status. Premiums may be reduced for retirees whose household income falls below poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay was established at \$27,400. However, the surcharge is capped at 2 percent of each employer's SERS expenses. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2005 fiscal year equaled \$184,714.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 14 - POSTEMPLOYMENT BENEFITS (Continued)

The surcharge, added to the unallocated portion of the 14 percent 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 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 (the latest information available) 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.

NOTE 15 - GENERAL LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during the fiscal year 2005 were as follows:

	Outstanding 6/30/2004	Additions	Reductions	Outstanding 6/30/2005	Due in One Year
<i>Governmental Activities</i>					
Compensated Absences	\$ 1,083,976	\$ 0	\$ (185,301)	\$ 898,675	\$ 23,996
Capital Lease	24,626	150,550	(23,935)	151,241	36,352
	<u>\$ 1,108,602</u>	<u>\$ 150,550</u>	<u>\$ (209,236)</u>	<u>\$ 1,049,916</u>	<u>\$ 60,348</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 2005, the School District entered into a new lease for the acquisition of copiers. In prior years, the School District entered into a new lease for the acquisition of a tractor. These 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 assets acquired by the leases has been capitalized in the amount of \$193,157, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 16 – CAPITAL LEASE (Continued)

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, 2005:

Fiscal Year Ending June 30,	Long-Term Obligations
2006	\$ 42,699
2007	42,699
2008	33,592
2009	33,592
2010	13,996
Total minimum lease payments	166,578
Less: amount representing interest	(15,337)
Present value of minimum lease payments	\$ 151,241

NOTE 17 – DERERRED REVENUE

Deferred revenue at June 30, 2005 consisted of the following:

	Statement of Net Assets	Balance Sheet
Property Taxes Receivable	\$ 7,390,900	\$ 7,773,222
Grants Receivable	0	275,837
	\$ 7,390,900	\$ 8,049,059

NOTE 18 - 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 \$42,533 to OME-RESA during fiscal year 2005 for services. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Steubenville, OH 43952.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 18 - RELATED ORGANIZATIONS (Continued)

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 2005.

C. Metropolitan Educational Council – The School District participates in the Metropolitan Educational Council (MEC), a jointly governed organization. The organization is composed of over 100 members, which includes school districts, joint vocational schools, educational service centers, and libraries covering 24 counties in Central Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County (18 school districts) and one representative from each county. Each year, the participating school districts pay a membership fee to MEC to cover the costs of administering the program. The School District paid \$111,533 to MEC during fiscal year 2005. Financial information may be obtained from the Metropolitan Educational Council, Denise Music, who serves as fiscal officer, at 6100 Channingway Boulevard, Suite 604, Columbus, OH 43232.

NOTE 19 – CLAIMS SERVICING POOL

Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan (Plan) – The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) self-insurance Plan, a claims servicing pool comprised of fifty members. Each participant is a member of the assembly. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the OME-RESA's assembly. Each member pays a monthly premium based on their claims history and a monthly administration fee. The River View Local School District paid \$99,237 to OME-RESA during fiscal year 2005 for services. All participating members retain their risk and the Plan acts as the claims servicing agent. Effective January 1, 2005, the School District no longer participates in this organization.

NOTE 20 – SET ASIDES

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These 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, 2005, only the unspent portion of certain workers' compensation refunds continues to be set aside.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 20 – SET ASIDES (Continued)

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	Capital	
	Stabilization	Improvements	Textbooks
Set-aside Reserve Balance as of June 30, 2004	\$ 80,351	\$ 0	\$ (680,184)
Current Year Set-aside Requirement	0	354,289	354,289
Qualifying Disbursements	0	(396,469)	(267,141)
Totals	<u>\$ 80,351</u>	<u>\$ (42,180)</u>	<u>\$ (593,036)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (593,036)</u>
Set-aside Reserve Balance as of June 30, 2005	<u>\$ 80,351</u>	<u>\$ 0</u>	<u>\$ 0</u>

The School District had qualifying disbursements during the fiscal year that reduced the capital acquisition and textbook set aside amounts below zero. The negative set-aside balance for the textbooks may be used to reduce the set-aside requirement of future years.

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, 2005.

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.

NOTE 22 – SUBSEQUENT EVENT

Effective July 1, 2005, the School District is no longer operating the Rainbow Child Care Center. The School District entered into a lease with Head Start to continue to provide day care services to the Coshocton County Community.

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**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCKTON COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2005**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>(Pass Through Ohio Department of Education):</i>						
Child Nutrition Cluster						
Food Distribution	N/A	10.550		\$ 23,998		\$ 23,998
School Breakfast Program	N/A	10.553	\$ 62,525		\$ 62,525	
National School Lunch Program	N/A	10.555	217,918		217,918	
Total Child Nutrition Cluster			280,443	23,998	280,443	23,998
Child and Adult Care Food Program	N/A	10.558	41,122		41,122	
Total U.S. Department of Agriculture			321,565	23,998	321,565	23,998
U.S. DEPARTMENT OF EDUCATION						
<i>(Pass Through Ohio Department of Education):</i>						
Title I	C1-S1-04	84.010	56,336		78,939	
	C1-S1-05		467,375		489,516	
Total Title I			523,711		568,455	
Special Education Cluster:						
Special Education Part B-IDEA	6B-SF-04P	84.027	57,546		63,582	
	6B-SF-05P		356,056		339,604	
Total Special Education Part B-IDEA			413,602		403,186	
Early Childhood Special Education, IDEA	PG-S1-04P	84.173	1,121		2,307	
	PG-S1-05P		12,797		13,470	
	PG-D7-04P		3,598		3,598	
Total Early Childhood Special Education, IDEA			17,516		19,375	
Total Special Education Cluster			431,118		422,561	
Safe and Drug Free Schools, Title IV-A	DR-S1-2004	84.186	6,544		2,134	
	DR-S1-2005		10,057		9,673	
Total Safe and Drug Free Schools, Title IV-A			16,601		11,807	
Innovative Education Program Strategies, Title V	C2-S1-04	84.298	2,005		4,115	
	C2-S1-05		7,193		6,388	
Total Innovative Education Program Strategies, Title V			9,198		10,503	
Improving Teacher Quality, Title II-A	CR-S1-04	84.367	19,949		15,916	
	CR-S1-05		115,238		122,579	
Total Improving Teacher Quality, Title II-A			135,187		138,495	
Technology, Title II-D	TJ-S1-04	84.318			1,045	
	TJ-S1-05		13,351		15,148	
Total Technology, Title II-D			13,351		16,193	
Community and Beyond -21st Century	T1-S1-06	84.278	140,313		141,378	
Total U.S. Department of Education			1,269,479		1,309,392	
Totals			\$ 1,591,044	\$ 23,998	\$ 1,630,957	\$ 23,998

The notes to the Federal Awards Receipts and Expenditures Schedule are an integral part of this statement.

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCKTON COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
JUNE 30, 2005**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures 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, 2005, the District had no significant food commodities in inventory.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
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 financial statements of the governmental 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, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 24, 2006, wherein we noted the beginning net assets of Governmental and Business Type Activities were restated as a result of the reclassification of the Rainbow Child Care Fund and the Food Service Fund. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

In a separate letter to the District's management dated February 24, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001.

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River View Local School District
Coshocton County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

In a separate letter to the District's management dated February 24, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for 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 24, 2006



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO ITS MAJOR FEDERAL PROGRAMS 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, 2005. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs. 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 programs for the year ended June 30, 2005.

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 24, 2006

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I - CFDA # 84.010 Nutritional Food Cluster CFDA #10.555, 10.553 and 10.550
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

FINDING NUMBER 2005-001

Ohio Rev. Code Section 5705.10 states that money that is paid into a 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	(\$ 7,166)
Public Preschool Fund	(1,145)
Idea Part B Grant Fund	(22,873)
Title I	(12,234)
DPIA	(327)
Uniform School Supplies	(3,293)
Title VI	(467)
Ohio Reads	(3,706)
21 st Century	(17,245)
Early Childhood Special Education	(163)
Title II-A	(3,916)
Athletics	(105)
Student Intervention	(9,168)
Title IV	(3,388)
Title II-D	(9,562)
Entry Teacher	(972)
Food Service Fund	(49,675)
Rainbow Day Care Fund	(11,170)

Negative cash fund balances are an indication that revenues from other sources were used to pay obligations of these funds. Additionally, 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

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2004-001	Ohio Revised Code Section 5705.10, the District maintained negative fund balances throughout the year in numerous funds.	No	See Finding 2005-001



**Auditor of State
Betty Montgomery**

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800-282-0370

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RIVER VIEW LOCAL SCHOOL DISTRICT

COSHOCTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 11, 2006**