



Mary Taylor, CPA
Auditor of State

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY**

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Mary Taylor, CPA

Auditor of State

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, the major funds and the aggregate remaining fund information of the River View Local School District, Coshocton County, Ohio (the District), as of and for the year ended June 30, 2008, 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, the major funds and the aggregate remaining fund information of the River View Local School District, Coshocton County, Ohio, as of June 30, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund and the Food Service Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2009, 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 Receipts and Expenditures Schedule is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures 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.

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

Mary Taylor, CPA
Auditor of State

January 12, 2009

River View Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

The discussion and analysis of the River View Local School District's ("the School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. 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 2008 are as follows:

- In total, net assets of governmental activities increased \$1,913,903.
- Revenues for governmental activities totaled \$22,925,388. Of this total, \$18,297,768 or approximately 80 percent consisted of general revenues while program revenues accounted for the balance of \$4,627,620 or approximately 20 percent.
- The assets of governmental activities increased by \$2,157,323.
- The School District had \$21,011,485 in expenses related to governmental activities; only \$4,627,620 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and school foundation) of \$18,297,768 were adequate to provide for these programs.
- Program expenses totaled \$21,011,485. Instructional expenses made up \$11,735,746 or 56 percent of this total while support services accounted for \$7,770,618 or 37 percent. Other expenses, \$1,505,121 rounded out the remaining 7 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 (Continued)
For the Fiscal Year Ended June 30, 2008
(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, and the food service 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 (Continued)
For the Fiscal Year Ended June 30, 2008
(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 2008 compared to 2007:

Table 1
Net Assets
Governmental Activities

	2008	2007
Assets		
Current and Other Assets	\$ 17,097,030	\$ 14,922,740
Capital Assets	6,015,248	6,032,215
<i>Total Assets</i>	23,112,278	20,954,955
Liabilities		
Other Liabilities	10,439,334	10,035,845
Long-Term Liabilities		
Due Within One Year	178,474	188,047
Due in More Than One Year	2,369,493	2,519,989
<i>Total Liabilities</i>	12,987,301	12,743,881
Net Assets		
Invested in Capital Assets, Net of Related Debt	4,318,059	4,166,648
Restricted For:		
Capital Outlay	2,237,295	2,124,378
Other Purposes	273,610	233,955
Unrestricted	3,296,013	1,686,093
<i>Total Net Assets</i>	\$ 10,124,977	\$ 8,211,074

Total assets increased by \$2,157,323. The majority of this increase can be attributed to an increase in cash and cash equivalents due to revenues exceeding expenditures during the year.

Total liabilities increased by \$243,420. The majority of the increase was the result of an increase in deferred revenue resulting from an increase in taxes receivable.

Table 2 shows the changes in net assets for fiscal years 2008 and 2007. This table presents two fiscal years in side-by-side comparisons. This will enable the reader to draw further conclusion about the School District's financial status and possibly project future problems.

River View Local School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2008
(Unaudited)

Table 2
Change in Net Assets
Governmental Activities

	2008	2007
Revenues		
<i>Program Revenues</i>		
Charges for Services	\$ 1,295,728	\$ 1,167,861
Operating Grants	2,997,965	2,780,990
Capital Grants	333,927	258,497
<i>Total Program Revenues</i>	<u>4,627,620</u>	<u>4,207,348</u>
<i>General Revenues</i>		
Property Taxes	8,220,504	8,178,574
Grants and Entitlements	9,564,056	9,232,423
Investment Earnings	274,909	278,014
Miscellaneous	238,299	256,119
<i>Total General Revenues</i>	<u>18,297,768</u>	<u>17,945,130</u>
<i>Total Revenues</i>	<u>22,925,388</u>	<u>22,152,478</u>
Program Expenses		
Instruction:		
Regular	9,019,188	9,225,615
Special	2,349,078	2,332,933
Vocational	367,480	470,658
Support Services:		
Pupils	798,275	697,738
Instructional Staff	1,018,933	1,018,567
Board of Education	47,337	72,351
Administration	1,408,223	1,459,980
Fiscal	603,781	587,983
Operation and Maintenance of Plant	1,919,816	1,698,898
Pupil Transportation	1,601,499	1,864,580
Central	372,754	345,037
Operation of Non-Instructional Services:		
Food Service Operations	999,251	974,255
Extracurricular Activities	403,447	410,171
Interest and Fiscal Charges	102,423	95,719
<i>Total Program Expenses</i>	<u>21,011,485</u>	<u>21,254,485</u>
<i>Change in Net Assets</i>	1,913,903	897,993
<i>Net Assets Beginning of Year</i>	8,211,074	7,313,081
<i>Net Assets End of Year</i>	<u>\$ 10,124,977</u>	<u>\$ 8,211,074</u>

River View Local School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2008
(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 36 percent of revenues for governmental activities for the School District in fiscal year 2008. 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 36 percent. The remaining 8 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 2008 to 2007 have been made in Table 3.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	Total Cost of Service 2008	Total Cost of Service 2007	Net Cost of Service 2008	Net Cost of Service 2007
Program Expenses				
Instruction:				
Regular	\$ 9,019,188	\$ 9,225,615	\$ (8,274,442)	\$ (8,480,299)
Special	2,349,078	2,332,933	(1,059,680)	(1,053,845)
Vocational	367,480	470,658	(284,501)	(366,545)
Support Services:				
Pupils	798,275	697,738	(634,980)	(605,915)
Instructional Staff	1,018,933	1,018,567	(517,453)	(439,087)
Board of Education	47,337	72,351	(47,337)	(72,351)
Administration	1,408,223	1,459,980	(1,224,967)	(1,459,980)
Fiscal	603,781	587,983	(603,781)	(587,983)
Operation and Maintenance of Plant	1,919,816	1,698,898	(1,670,507)	(1,526,313)
Pupil Transportation	1,601,499	1,864,580	(1,497,918)	(1,741,707)
Central	372,754	345,037	(303,978)	(290,250)
Operation of Non-Instructional Services:				
Food Service Operations	999,251	974,255	4,008	(82,928)
Extracurricular Activities	403,447	410,171	(165,906)	(244,215)
Interest and Fiscal Charges	102,423	95,719	(102,423)	(95,719)
Total	\$ 21,011,485	\$ 21,254,485	\$ (16,383,865)	\$ (17,047,137)

The dependence upon tax revenue for governmental activities is apparent. 39 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.

River View Local School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2008
(Unaudited)

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, including other financing sources, of \$22,797,251 and expenditures, including other financing uses, of \$21,168,931. The net change in fund balance for the year was an increase of \$1,628,320. The general fund balance increased \$1,499,560. The food service fund balance increased by \$8,689. The permanent improvement fund balance increased \$127,275 due to revenues exceeding expenditures for the year. 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 2008, the School District amended the general fund budget monthly. For the general fund, final budget basis revenue including other financing sources was \$19,005,697 representing a \$649,968 increase from the original budget estimates of \$18,355,729. Most of the difference is due to an underestimation of tuition and fees and grants. The School District's general fund unencumbered cash balance at the end of the fiscal year was \$3,772,319.

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.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the School District had \$6,015,248 invested in land, buildings and improvements, furniture and equipment and vehicles. Table 4 reflects fiscal year 2008 balances compared to 2007. See Note 8 for further detail on capital assets.

Table 4
Capital Assets at June 30
Governmental Activities

	2008	2007
Land	\$ 478,659	\$ 478,659
Buildings and Improvements	4,281,718	4,255,737
Furniture and Equipment	738,520	756,604
Vehicles	516,351	541,215
<i>Totals</i>	\$ 6,015,248	\$ 6,032,215

River View Local School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2008
(Unaudited)

All capital assets, except land, are reported net of depreciation. The \$16,967 decrease in capital assets was a result of annual depreciation exceeding capital asset additions.

Senate Bill 345 requires the School District to set aside \$162.09 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 2008, this amounted to \$368,974 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. See Note 18 for further details on Set Asides.

Debt

At June 30, 2008, the School District had \$1,651,160 in bonds outstanding with \$137,597 due within one year. See note 14 for additional details. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt, at June 30
Governmental Activities

	2008	2007
School Energy Conservation Improvement Bonds	\$ 1,651,160	\$ 1,788,757

Current Financial Related Activities

River View Local School District remains strong financially at June 30, 2008; however, the five-year forecast projects deficit spending by fiscal year 2009. 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 2005.

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. River View Local School District has been reduced to the minimum amount of millage required by the State of Ohio for funding. Therefore, the School District does not realize some gain from reappraisals.

Property taxes made up 36 percent of revenues for governmental activities for the River View Local School District in fiscal year 2008.

The School District has also been affected by changes in the personal property tax structure (House Bill 66) 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, unpredictable fuel prices, and increases in health insurance and property/liability/fleet insurance.

River View Local School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2008
(Unaudited)

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

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

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

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

Contacting the School District's Financial Management

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

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River View Local School District

Statement of Net Assets

June 30, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 6,803,085
Cash and Cash Equivalents in Segregated Accounts	1,337,863
Cash and Cash Equivalents with Fiscal Agents	30,341
Receivables:	
Taxes	7,953,442
Accounts	92,585
Intergovernmental	441,740
Prepaid Items	262,846
Inventory Held For Resale	26,069
Materials and Supplies Inventory	149,059
Nondepreciable Capital Assets	478,659
Depreciable Capital Assets (Net)	<u>5,536,589</u>
<i>Total Assets</i>	<u>23,112,278</u>
Liabilities	
Accounts Payable	225,789
Contracts Payable	150,785
Accrued Wages and Benefits	1,459,950
Matured Compensated Absences Payable	9,390
Accrued Vacation Payable	57,243
Early Retirement Incentive Payable	10,000
Intergovernmental Payable	461,650
Deferred Revenue	7,506,888
Accrued Interest Payable	17,639
Claims Payable	540,000
Long Term Liabilities:	
Due Within One Year	178,474
Due Within More Than One Year	<u>2,369,493</u>
<i>Total Liabilities</i>	<u>12,987,301</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	4,318,059
Restricted for:	
Capital Outlay	2,237,295
Other Purposes	273,610
Unrestricted	<u>3,296,013</u>
<i>Total Net Assets</i>	<u>\$ 10,124,977</u>

See accompanying notes to the basic financial statements.

River View Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Program Revenues				Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 9,019,188	\$ 514,355	\$ 230,391	\$ 0	\$ (8,274,442)
Special	2,349,078	35,895	1,253,503	0	(1,059,680)
Vocational	367,480	0	82,979	0	(284,501)
Support Services:					
Pupils	798,275	4,071	159,224	0	(634,980)
Instructional Staff	1,018,933	0	501,480	0	(517,453)
Board of Education	47,337	0	0	0	(47,337)
Administration	1,408,223	0	183,256	0	(1,224,967)
Fiscal	603,781	0	0	0	(603,781)
Operation and Maintenance of Plant	1,919,816	0	0	249,309	(1,670,507)
Pupil Transportation	1,601,499	0	40,817	62,764	(1,497,918)
Central	372,754	0	46,922	21,854	(303,978)
Operation of Non-Instructional Services:					
Food Service Operations	999,251	509,620	493,639	0	4,008
Extracurricular Activities	403,447	231,787	5,754	0	(165,906)
Interest and Fiscal Charges	102,423	0	0	0	(102,423)
<i>Total Governmental Activities</i>	<u>\$ 21,011,485</u>	<u>\$ 1,295,728</u>	<u>\$ 2,997,965</u>	<u>\$ 333,927</u>	<u>(16,383,865)</u>
 General Revenues					
Property Taxes Levied for:					
General Purposes					7,772,349
Capital Outlay					448,155
Grants and Entitlements not Restricted to Specific Programs					9,564,056
Investment Earnings					274,909
Miscellaneous					238,299
<i>Total General Revenues</i>					<u>18,297,768</u>
Change in Net Assets					1,913,903
<i>Net Assets Beginning of Year</i>					<u>8,211,074</u>
<i>Net Assets End of Year</i>					<u>\$ 10,124,977</u>

See accompanying notes to the basic financial statements.

River View Local School District
Balance Sheet
Governmental Funds
June 30, 2008

	General	Permanent Improvement	Food Service	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 4,227,929	\$ 2,401,702	\$ 97,348	\$ 76,106	\$ 6,803,085
Receivables:					
Taxes	7,516,570	436,872	0	0	7,953,442
Accounts	82,395	0	10,190	0	92,585
Interfund	48,350	0	0	0	48,350
Intergovernmental	0	0	0	441,740	441,740
Prepaid Items	224,707	0	12,423	25,716	262,846
Inventory Held For Resale	0	0	8,506	17,563	26,069
Materials and Supplies Inventory	147,500	0	1,559	0	149,059
Advances to Other Funds	2,600	0	0	0	2,600
<i>Total Assets</i>	<u>\$ 12,250,051</u>	<u>\$ 2,838,574</u>	<u>\$ 130,026</u>	<u>\$ 561,125</u>	<u>\$ 15,779,776</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 152,549	\$ 51,443	\$ 4,528	\$ 17,269	\$ 225,789
Contracts Payable	0	150,785	0	0	150,785
Accrued Wages and Benefits	1,258,678	0	48,845	152,427	1,459,950
Matured Compensated Absences Payable	6,789	0	2,601	0	9,390
Early Retirement Incentive Payable	10,000	0	0	0	10,000
Interfund Payable	0	0	0	48,350	48,350
Intergovernmental Payable	392,075	0	24,006	45,569	461,650
Deferred Revenue	7,311,457	423,385	0	236,226	7,971,068
Advances from Other Funds	0	0	0	2,600	2,600
<i>Total Liabilities</i>	<u>9,131,548</u>	<u>625,613</u>	<u>79,980</u>	<u>502,441</u>	<u>10,339,582</u>
Fund Balances					
Reserved for Encumbrances	316,617	87,020	20,001	33,181	456,819
Reserved for Property Taxes	231,968	13,487	0	0	245,455
Reserved for Advances	2,600	0	0	0	2,600
Unreserved:					
Designated for Budget Stabilization	80,351	0	0	0	80,351
Undesignated, Reported in:					
General Fund	2,486,967	0	0	1,335	2,488,302
Special Revenue Funds	0	0	30,045	23,764	53,809
Capital Projects Funds	0	2,112,454	0	404	2,112,858
<i>Total Fund Balances</i>	<u>3,118,503</u>	<u>2,212,961</u>	<u>50,046</u>	<u>58,684</u>	<u>5,440,194</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 12,250,051</u>	<u>\$ 2,838,574</u>	<u>\$ 130,026</u>	<u>\$ 561,125</u>	<u>\$ 15,779,776</u>

See accompanying notes to the basic financial statements.

River View Local School District
*Reconciliation of Total Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2008*

Total Governmental Fund Balances	\$	5,440,194
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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		6,015,248
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Grants	\$ 236,226	
Charges for Services	26,855	
Delinquent Property Taxes	435,399	698,480

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.		593,904
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In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds, an interest expenditure is reported when due.		(17,639)
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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:		
General Obligation Bonds	(1,651,160)	
Accrued Vacation Payable	(57,243)	
Compensated Absences	(850,778)	
Capital Leases Payable	(46,029)	(2,605,210)

Net Assets of Governmental Activities	\$	10,124,977
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See accompanying notes to the basic financial statements.

River View Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General	Permanent Improvement	Food Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 7,670,285	\$ 444,063	\$ 0	\$ 0	\$ 8,114,348
Intergovernmental	10,222,008	308,663	493,351	1,880,328	12,904,350
Investment Income	253,141	0	288	0	253,429
Tuition and Fees	518,958	0	0	39,018	557,976
Extracurricular Activities	99,101	0	0	113,467	212,568
Rentals	2,233	0	0	0	2,233
Charges for Services	13,332	0	509,620	0	522,952
Contributions and Donations	3,587	5,121	0	9,243	17,951
Miscellaneous	89,013	0	10,129	17,947	117,089
<i>Total Revenues</i>	<u>18,871,658</u>	<u>757,847</u>	<u>1,013,388</u>	<u>2,060,003</u>	<u>22,702,896</u>
Expenditures					
Current:					
Instruction:					
Regular	8,786,825	22,288	0	239,765	9,048,878
Special	1,638,672	1,289	0	668,651	2,308,612
Vocational	358,812	0	0	0	358,812
Support Services:					
Pupils	591,887	0	0	189,796	781,683
Instructional Staff	488,643	3,875	0	524,650	1,017,168
Board of Education	47,337	0	0	0	47,337
Administration	1,182,373	3,733	0	190,006	1,376,112
Fiscal	586,004	15,219	0	2,683	603,906
Operation and Maintenance of Plant	1,564,746	464,863	0	0	2,029,609
Pupil Transportation	1,467,963	27,707	0	48,087	1,543,757
Central	224,229	70,625	0	60,854	355,708
Operation of Non-Instructional Services:					
Food Service Operations	0	0	1,004,649	0	1,004,649
Extracurricular Activities	270,250	0	0	143,902	414,152
Debt Service:					
Principal Retirement	168,378	0	0	0	168,378
Interest and Fiscal Charges	82,920	20,973	0	0	103,893
<i>Total Expenditures</i>	<u>17,459,039</u>	<u>630,572</u>	<u>1,004,649</u>	<u>2,068,394</u>	<u>21,162,654</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,412,619</u>	<u>127,275</u>	<u>8,739</u>	<u>(8,391)</u>	<u>1,540,242</u>
Other Financing Sources (Uses)					
Insurance Recoveries	3,078	0	0	0	3,078
Refund of Prior Year Expenditures	89,264	0	0	2,013	91,277
Refund of Prior Year Receipts	(5,385)	0	0	(826)	(6,211)
Other Financing Uses	(16)	0	(50)	0	(66)
<i>Total Financing Sources and (Uses)</i>	<u>86,941</u>	<u>0</u>	<u>(50)</u>	<u>1,187</u>	<u>88,078</u>
<i>Net Change in Fund Balance</i>	1,499,560	127,275	8,689	(7,204)	1,628,320
<i>Fund Balance Beginning of Year</i>	<u>1,618,943</u>	<u>2,085,686</u>	<u>41,357</u>	<u>65,888</u>	<u>3,811,874</u>
<i>Fund Balance End of Year</i>	<u>\$ 3,118,503</u>	<u>\$ 2,212,961</u>	<u>\$ 50,046</u>	<u>\$ 58,684</u>	<u>\$ 5,440,194</u>

See accompanying notes to the basic financial statements.

River View Local School District
Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds	\$	1,628,320
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital Asset Additions	\$ 501,101	
Current Year Depreciation	<u>(513,016)</u>	(11,915)

Net effect of transactions involving sale of capital assets are not reflected in the funds		(5,052)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Grants	(26,642)	
Charges for Services	26,855	
Delinquent Property Taxes	<u>106,156</u>	106,369

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

Bond Principal	137,597	
Capital Leases	<u>30,781</u>	168,378

In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due.		1,470
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Vacation Payable	(1,389)	
Compensated Absences	<u>(8,309)</u>	<u>(9,698)</u>

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>36,031</u>
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Change in Net Assets of Governmental Activities	\$	<u><u>1,913,903</u></u>
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See accompanying notes to the basic financial statements.

River View Local School District
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$ 7,669,837	\$ 7,652,313	\$ 7,644,177	\$ (8,136)
Intergovernmental	9,769,327	10,276,513	10,222,008	(54,505)
Investment Income	247,608	257,668	259,081	1,413
Tuition and Fees	495,175	531,332	518,120	(13,212)
Extracurricular Activities	94,712	99,101	99,101	0
Rentals	2,134	2,536	2,233	(303)
Charges for Services	8,897	9,309	9,309	0
Contributions and Donations	3,428	3,587	3,587	0
Miscellaneous	36,611	42,045	38,334	(3,711)
<i>Total Revenues</i>	<u>18,327,729</u>	<u>18,874,404</u>	<u>18,795,950</u>	<u>(78,454)</u>
Expenditures				
Current:				
Instruction:				
Regular	8,744,495	9,082,496	8,841,935	240,561
Special	1,652,991	1,856,083	1,671,412	184,671
Vocational	410,946	427,732	415,526	12,206
Other	0	0	0	0
Support Services				
Pupils	578,898	611,931	585,349	26,582
Instructional Staff	499,788	546,735	505,358	41,377
Board of Education	57,277	97,423	57,915	39,508
Administration	1,226,373	1,278,068	1,240,040	38,028
Fiscal	583,621	592,506	590,125	2,381
Operation and Maintenance of Plant	1,722,640	1,922,208	1,741,837	180,371
Pupil Transportation	1,494,723	1,623,476	1,511,381	112,095
Central	225,523	263,031	228,036	34,995
Extracurricular Activities	271,857	314,138	274,887	39,251
Debt Service:				
Principal Retirement	0	137,597	137,597	0
Interest and Fiscal Charges	0	113,713	80,110	33,603
<i>Total Expenditures</i>	<u>17,469,132</u>	<u>18,867,137</u>	<u>17,881,508</u>	<u>985,629</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>858,597</u>	<u>7,267</u>	<u>914,442</u>	<u>907,175</u>
Other Financing Sources (Uses)				
Insurance Recoveries	5,000	5,000	3,078	(1,922)
Refund of Prior Year Expenditures	23,000	89,957	89,264	(693)
Refund of Prior Year Receipts	0	(10,000)	(5,385)	4,615
Other Financing Uses	0	(18)	(16)	2
Advances In	0	36,336	36,309	(27)
Advances Out	0	(1,000)	(48,350)	(47,350)
<i>Total Other Financing Sources (Uses)</i>	<u>28,000</u>	<u>120,275</u>	<u>74,900</u>	<u>(45,375)</u>
<i>Net Change in Fund Balance</i>	<u>886,597</u>	<u>127,542</u>	<u>989,342</u>	<u>861,800</u>
<i>Fund Balance Beginning of Year</i>	<u>2,364,450</u>	<u>2,364,450</u>	<u>2,364,450</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>418,527</u>	<u>418,527</u>	<u>418,527</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 3,669,574</u>	<u>\$ 2,910,519</u>	<u>\$ 3,772,319</u>	<u>\$ 861,800</u>

See accompanying notes to the basic financial statements.

River View Local School District
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual*
Food Service Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 328,267	\$ 464,237	\$ 458,923	\$ (5,314)
Investment Income	0	300	288	(12)
Charges for Services	500,265	555,157	509,559	(45,598)
<i>Total Revenues</i>	<u>828,532</u>	<u>1,019,694</u>	<u>968,770</u>	<u>(50,924)</u>
Expenditures				
Current:				
Operation of Non-Instructional Services:				
Food Service Operations	890,820	1,010,852	975,062	35,790
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(62,288)</u>	<u>8,842</u>	<u>(6,292)</u>	<u>(15,134)</u>
Other Financing Use				
Other Financing Uses	0	(50)	(50)	0
<i>Net Change in Fund Balance</i>	(62,288)	8,792	(6,342)	(15,134)
<i>Fund Balance Beginning of Year</i>	75,418	75,418	75,418	0
Prior Year Encumbrances Appropriated	3,742	3,742	3,742	0
<i>Fund Balance End of Year</i>	<u>\$ 16,872</u>	<u>\$ 87,952</u>	<u>\$ 72,818</u>	<u>\$ (15,134)</u>

See accompanying notes to the basic financial statements.

River View Local School District
Statement of Fund Net Assets
Proprietary Fund
June 30, 2008

	Governmental Activities - Internal Service Fund
Assets	
Cash and Cash Equivalents in Segregated Accounts	\$ 1,337,863
Cash and Cash Equivalents with Fiscal Agents	<u>30,341</u>
<i>Total Assets</i>	<u>1,368,204</u>
Liabilities	
Deferred Revenue	234,300
Claims Payable	<u>540,000</u>
<i>Total Liabilities</i>	<u>774,300</u>
Net Assets	
Unrestricted	<u><u>\$ 593,904</u></u>

See accompanying notes to the basic financial statements.

River View Local School District
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2008

	<u>Governmental Activities - Internal Service Fund</u>
Operating Revenues	
Charges for Services	<u>\$ 3,018,599</u>
Operating Expenses	
Purchased Services	242,657
Claims	<u>2,761,679</u>
<i>Total Operating Expenses</i>	<u>3,004,336</u>
<i>Operating Income</i>	<u>14,263</u>
Non-Operating Revenue	
Interest	<u>21,768</u>
<i>Change in Net Assets</i>	36,031
<i>Net Assets Beginning of Year</i>	<u>557,873</u>
<i>Net Assets End of Year</i>	<u><u>\$ 593,904</u></u>

See accompanying notes to the basic financial statements.

River View Local School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2008

	<u>Governmental Activities - Internal Service Fund</u>
<i>Increase in Cash and Cash Equivalents</i>	
Cash Flows From Operating Activities	
Cash Received from Customers	\$ 3,009,784
Cash Paid for Goods and Services	(242,657)
Cash Paid for Claims	<u>(2,763,679)</u>
<i>Net Cash Provided By Operating Activities</i>	<u>3,448</u>
Cash Flows From Investing Activities	
Interest on Investments	<u>21,768</u>
<i>Net Increase in Cash and Cash Equivalents</i>	25,216
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,342,988</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$ 1,368,204</u></u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities	
Operating Income	\$ 14,263
Adjustments:	
Decrease in Deferred Revenue	(8,815)
Decrease in Claims Payable	<u>(2,000)</u>
<i>Total Adjustments</i>	<u>(10,815)</u>
<i>Net Cash Provided By Operating Activities</i>	<u><u>\$ 3,448</u></u>

See accompanying notes to the basic financial statements.

River View Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 29,716	\$ 86,971
Accounts Receivable	0	408
<i>Total Assets</i>	29,716	\$ 87,379
Liabilities		
Accounts Payable	0	\$ 844
Due to Students	0	86,535
<i>Total Liabilities</i>	0	\$ 87,379
Net Assets		
Held in Trust for Scholarships	\$ 29,716	

See accompanying notes to the basic financial statements.

River View Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Private Purpose Trust
	Scholarship
Additions	
Gifts and Contributions	\$ 1,625
Interest	1,414
<i>Total Additions</i>	3,039
Deductions	
Payments in Accordance with Trust Agreements	299
<i>Change in Net Assets</i>	2,740
<i>Net Assets Beginning of Year</i>	26,976
<i>Net Assets End of Year</i>	\$ 29,716

See accompanying notes to the basic financial statements.

River View Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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 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 123 non-certificated, 167 certificated teaching personnel, who provide services to community members and 2,489 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, 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 is involved with the Ohio Mid-Eastern Regional Educational Service Agency, the Metropolitan Educational Council, the Coshocton County Career Center and the Ohio School Plan, which are defined as jointly governed organizations and an insurance purchasing pool. Additional information concerning these organizations is presented in Notes 16 and 17 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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 – The food service fund accounts for purchase and sales transactions related to the food service operations of the School District.

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The School District's only proprietary fund is an internal service fund.

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 only agency fund accounts for 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.

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 fund 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.

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic 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 6.) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 2008, investments were limited to Federal Home Loan Bank Notes, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation 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 governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2008.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$253,141, which includes \$133,309 assigned from other School District funds.

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Investments with an initial maturity of more than three months that are not purchased from the pool are presented on the basic financial statements as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

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

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

I. 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

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” Long-term interfund loans (advances) are classified as “advances from other funds” and “advances to other funds”. These amounts are eliminated in the governmental activities column of the statement of net assets.

K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. 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 the governmental fund 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 funds from which the employee will be paid.

L. 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 special termination benefits 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. Bonds are recognized as a liability on the governmental fund financial statements when due.

M. 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 (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Reserves and Designations

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. The School District records designations for portions of fund equity which the School District Board of Education has segregated for specific future use. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, property taxes and advances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles, but not available for appropriation under State statute.

O. 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. At June 30, 2008, none of the School District's net assets were restricted by enabling legislation. 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.

P. 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.

Q. 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 2008.

R. 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 (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Changes in Accounting Principles

For the year ended 2008, the School District has implemented GASB Statement No. 45, “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*”, GASB Statement No. 48, “*Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*”, GASB Statement No. 49, “*Accounting and Financial Reporting for Pollution Remediation Obligations*”, and GASB Statement No. 50, “*Pension Disclosures – An Amendment of GASB Statements No. 25 and No. 27.*”

GASB Statement No. 45 provides guidance on all aspects of OPEB reporting by employers. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

GASB Statement No. 48 provides guidance on accounting for sales and pledges of receivables and future revenues. The Statement also requires governments to disclose in the notes to the financial statements the amount of future revenues that have been pledged or sold.

GASB Statement No. 49 provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts.

GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of GASB Statement No. 25, “*Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*” , and GASB Statement No. 27, “*Accounting for Pensions by State and Local Governmental Employers*” , to conform with requirements of GASB Statement No. 43, “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*” , and GASB Statement No. 45, “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*”.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the School District.

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 3 – FUND DEFICITS

Fund balances at June 30, 2008 included the following individual fund deficits:

	<u>Deficit</u>
<i>Non-Major Special Revenue Funds:</i>	
Public School Preschool	\$ 2,429
Poverty Based Assistance	1,850
Title VI-B	21,046
Title I	12,286
Title VI-R	2,442

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

NOTE 4 - 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 and food service 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).
- 4) Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 4 - 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 and food service fund.

Net Change in Fund Balance

	General	Food Service
GAAP Basis	\$ 1,499,560	\$ 8,689
Net Adjustment for Revenue Accruals	(75,708)	(44,618)
Advances In	36,309	0
Net Adjustment for Expenditure Accruals	39,539	54,116
Advances Out	(48,350)	0
Adjustment for Encumbrances	(462,008)	(24,529)
Budget Basis	\$ 989,342	\$ (6,342)

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the 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.

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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

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

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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 uninsured 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 2008, the School District and public depositories complied with the provisions of these statutes.

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 uninsured 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 \$7,570,025. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2008, \$7,187,059 of the School District's bank balance of \$7,676,121 was exposed to custodial risk as discussed above, while \$489,062 was covered by Federal Deposit Insurance Corporation.

Investments

As of June 30, 2008, 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	Over 24 Months
STAROhio	\$ 88,781	\$ 88,781	\$ 0	\$ 0	\$ 0	\$ 0
FHLB	197,187	0	0	0	0	197,187
FHLMC	302,173	0	0	0	0	302,173
FNMA	99,469	0	0	0	0	99,469
Total	\$ 687,610	\$ 88,781	\$ 0	\$ 0	\$ 0	\$ 598,829

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, FHLMC and FNMA were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. STAROhio has been given an AAA rating by Standard & Poor's.

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 5 - 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, 2008:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
STAROhio	\$ 88,781	13%
FHLB	197,187	29%
FHLMC	302,173	44%
FNMA	99,469	14%
	<u>\$ 687,610</u>	<u>100%</u>

Funds Held by Fiscal Agent

In prior years, the School District participated in the Ohio Mid-Eastern Regional Education Service Agency School Employees Insurance Consortium for employee benefits. The amount held at fiscal year end for the employee benefit self-insurance fund was \$30,341. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2008 represents collections of calendar 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, 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 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 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.

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 6 - PROPERTY TAXES (Continued)

Tangible personal property tax revenue received during calendar 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2008, on the value as of December 31, 2007. For 2007, tangible personal property was assessed at 12.5 percent for property including inventory. This percentage will be reduced to 6.25 percent for 2008 and zero for 2009. 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.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The School District receives property taxes from Coshocton, Muskingum and Licking Counties. 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, 2008, are available to finance fiscal year 2008 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, 2008 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, 2008, \$231,968 was available as an advance to the general fund and \$13,487 was available as an advance to the permanent improvement fund. At June 30, 2007, \$205,860 was available as an advance to the general fund and \$13,183 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.

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 6 - PROPERTY TAXES (Continued)

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second-Half Collections		2008 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 248,477,630	71%	\$ 248,184,460	70%
Public Utility Personal	73,133,090	21%	79,447,020	23%
Tangible Personal Property	26,818,191	8%	25,620,548	7%
Total Assessed Value	\$ 348,428,911	100%	\$ 353,252,028	100%
Tax rate per \$1,000 of assessed value	\$ 31.30		\$ 31.30	

NOTE 7 – RECEIVABLES

Receivables at June 30, 2008, consisted of taxes, accounts (rent, student fees and tuition), interfund 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.

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008 was as follows:

	Balance 06/30/2007	Additions	Deletions	Balance 06/30/2008
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	11,282,336	321,949	0	11,604,285
Furniture and Equipment	2,628,384	84,888	(18,994)	2,694,278
Vehicles	2,394,518	94,264	0	2,488,782
<i>Total Capital Assets, Being Depreciated</i>	16,305,238	501,101	(18,994)	16,787,345
<i>Less: Accumulated Depreciation</i>				
Building and Improvements	(7,026,599)	(295,968)	0	(7,322,567)
Furniture and Equipment	(1,871,780)	(97,920)	13,942	(1,955,758)
Vehicles	(1,853,303)	(119,128)	0	(1,972,431)
<i>Total Accumulated Depreciation</i>	(10,751,682)	(513,016) *	13,942	(11,250,756)
<i>Total Capital Assets Being Depreciated, Net</i>	5,553,556	(11,915)	(5,052)	5,536,589
<i>Governmental Activities Capital Assets, Net</i>	\$ 6,032,215	\$ (11,915)	\$ (5,052)	\$ 6,015,248

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 14,162
Special	811
Vocational	2,356
Support Services:	
Pupils	18,626
Instructional Staff	2,065
Administration	28,142
Fiscal	672
Operation and Maintenance of Plant	247,277
Pupil Transportation	177,941
Central	13,195
Operation of Non-Instructional Services:	
Food Service Operations	1,903
Extracurricular Activities	5,866
Total Depreciation Expense	\$ 513,016

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 9 – INTERFUND BALANCES

Interfund balances at June 30, 2008, consist of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General	\$ 48,350	\$ 0	\$ 2,600	\$ 0
Uniform School Supplies	0	1,566	0	2,600
Other Grants	0	27,950	0	0
Public School Preschool	0	1,633	0	0
Title I	0	246	0	0
Miscellaneous Federal Grants	0	16,955	0	0
Total	<u>\$ 48,350</u>	<u>\$ 48,350</u>	<u>\$ 2,600</u>	<u>\$ 2,600</u>

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 10 – 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 2008, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based upon the types of coverage, limits of coverage and deductibles that it selects. The School District contracted with the Ohio School Plan for commercial and business insurance coverage.

Commercial property liability insurance carries a blanket limit of \$65,250,716 with a \$1,000 deductible. Business auto coverage provides a \$3,000,000 combined single limit liability for collision and comprehensive.

Professional and general liability is covered through OSP with a \$3,000,000 per occurrence limit, a \$5,000,000 per year aggregate.

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

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 10 – RISK MANAGEMENT (Continued)

B. Other Employee Benefits

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

The School District has elected to provide dental, medical, and prescription drug coverage benefits through a self-insurance program. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a dental plan with a \$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 25% of the cost with a maximum of \$50 for the 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.

The School District is a member of the Direct Care of America network through AultCare with Cardinal Administrative Services as the third party administrator.

The claims liability of \$540,000 reported in the internal service fund at June 30, 2008 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 2007 and 2008 were:

	<u>Balance at Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>Balance at End of Year</u>
2007	<u>\$ 382,896</u>	<u>\$ 2,901,061</u>	<u>\$ 2,741,957</u>	<u>\$ 542,000</u>
2008	<u>\$ 542,000</u>	<u>\$ 2,761,679</u>	<u>\$ 2,763,679</u>	<u>\$ 540,000</u>

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 11 – 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 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.

NOTE 12 – 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, disability and survivor 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 can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS’ website at www.ohsers.org under Forms and Publications.

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 12 – 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. 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 to SERS for the years ended June 30, 2008, 2007 and 2006 were \$355,872, \$331,548 and \$347,628, respectively; 51 percent has been contributed for fiscal year 2008 and 100 percent for the fiscal years 2007 and 2006.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio ("STRS Ohio"), a cost-sharing, multiple-employer defined benefit pension plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

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 divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment accounts. 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 DB 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 of 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, 2008, 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. For fiscal year 2007 (the latest information available), the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007 and 2006 were \$1,179,012, \$1,216,320 and \$1,196,616, respectively; 83 percent has been contributed for fiscal year 2008 and 100 percent for the fiscal years 2007 and 2006.

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 12 – PENSION PLANS (Continued)

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, 2008, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 13 - POSTEMPLOYMENT BENEFITS

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

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio 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. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2008, 2007 and 2006. The School District's contributions for fiscal years ended June 30, 2008, 2007 and 2006 were \$84,215, \$86,880 and \$85,473, respectively.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007 (the latest information available), the balance in the Fund was \$4.1 billion. For the fiscal year ended June 30, 2007, net health care costs paid by STRS Ohio were \$265,558,000 and STRS Ohio had 122,934 eligible benefit recipients.

In addition to a cost-sharing multiple-employer defined benefit pension plan, SERS administers two postemployment benefit plans, the Medicare Part B Plan and the Health Care Plan. The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2007 was \$93.50; SERS' reimbursement to retirees was \$45.50. The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2007 (the latest information available), the actuarially required allocation was .68 percent. The School District's contributions for the year ended June 30, 2008 were \$17,285, which equaled the required contributions for the year.

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2008, the health care allocation was 3.32 percent. The actuarially required contribution (ARC), as of the December 31, 2006 annual valuation (the latest information available), was 11.50 percent of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The School District's contributions for the years ended June 30, 2008, 2007 and 2006 were \$121,644, \$116,265 and \$133,587, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2008, the minimum compensation level was established at \$35,800.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Forms and Publications.

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during the fiscal year 2008 were as follows:

	<u>Outstanding</u> <u>06/30/2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>06/30/2008</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
General Obligation Bonds					
School Energy Conservation					
Improvement Bonds	\$ 1,788,757	\$ 0	\$ (137,597)	\$ 1,651,160	\$ 137,597
Compensated Absences	842,469	163,197	(154,888)	850,778	8,690
Capital Leases	<u>76,810</u>	<u>0</u>	<u>(30,781)</u>	<u>46,029</u>	<u>32,187</u>
<i>Total Governmental Activities</i>					
<i>Long-Term Obligations</i>	<u>\$ 2,708,036</u>	<u>\$ 163,197</u>	<u>\$ (323,266)</u>	<u>\$ 2,547,967</u>	<u>\$ 178,474</u>

On June 15, 2006, the School District issued \$1,926,354 in School Energy Conservation Improvement Bonds with an interest rate of 4.69 percent. The bonds were issued for a thirteen-year period, with final maturity at January 8, 2020. The outstanding School Energy Conservation Improvement Bonds are a direct obligation of the School District for which full faith, credit, and resources are pledged and are payable from taxes levied on all taxable property of the School District. The School Energy Conservation Improvement Bond will be paid with tax revenue from the permanent improvement fund.

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 14 - LONG-TERM OBLIGATIONS (Continued)

The compensated absences will be paid from the general and food service funds.

Capital leases payable will be paid from the general and permanent improvement funds.

The following is a summary of the School District's annual debt service principal and interest payments regarding the outstanding general obligation debt.

		School Energy Conservation Improvement Bonds		
		Principal	Interest	Total
Year Ending June 30,	2009	\$ 137,597	\$ 75,826	\$ 213,423
	2010	137,597	69,373	206,970
	2011	137,597	62,920	200,517
	2012	137,597	56,466	194,063
	2013	137,597	50,013	187,610
	2014-2018	687,982	153,266	841,248
	2019-2020	275,193	16,133	291,326
		\$ 1,651,160	\$ 483,997	\$ 2,135,157

NOTE 15 – CAPITAL LEASES

In prior years, the School District entered into leases for the acquisition of a tractor and copiers. These leases meet 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 have been capitalized in the amount of \$150,550, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2008:

		Capital Leases
Fiscal Year Ending June 30,	2009	\$ 33,592
	2010	13,996
	Total Minimum Lease Payments	47,588
	Less: Amount Representing Interest	(1,559)
	Present Value of Minimum Lease Payments	\$ 46,029

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS

A. Ohio Mid-Eastern Regional Educational Service Agency (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 statutes. OME-RESA provides financial accounting services, and educational management information system, cooperative purchased services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District's continued participation and no equity interest exists. OME-RESA has no outstanding debt. The River View Local School District paid \$76,486 to OME-RESA during fiscal year 2008 for services. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Steubenville, OH 43952.

B. Coshocton County Career Center

Coshocton County Career Center is a jointly governed organization providing vocational services to its three member school districts. The Career Center 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 Career Center. The Career Center receives no direct funding from the member school districts. The continued existence of the Career Center is not dependent on the River View Local School District's continued participation and no equity interest exists.

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 \$926 to MEC during fiscal year 2008. 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.

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 17 – INSURANCE PURCHASING POOL

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

NOTE 18 – 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.

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

	<u>Capital Improvements</u>	<u>Textbooks</u>
Set-aside Reserve Balance as of June 30, 2007	\$ 0	\$ (425,882)
Current Year Set-aside Requirement	368,974	368,974
Qualifying Disbursements	(156,344)	(150,405)
Offset Permanent Improvement Levy	<u>(443,759)</u>	<u>0</u>
Totals	<u>\$ (231,129)</u>	<u>\$ (207,313)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$ 0</u>	<u>\$ (207,313)</u>
Set-aside Reserve Balance as of June 30, 2008	<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.

River View Local School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008

NOTE 19 – 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, 2008.

B. Litigation

The School District is not party to any legal proceedings.

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**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008**

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>						
Food Commodities	N/A	10.550		\$11,235		\$11,635
Child Nutrition Cluster:						
School Breakfast Program	N/A	10.553	\$100,315		\$100,315	
National School Lunch Program	N/A	10.555	341,788		341,788	
Total Child Nutrition Cluster			<u>442,103</u>		<u>442,103</u>	
Total U.S. Department of Agriculture			442,103	11,235	442,103	11,635
U.S. DEPARTMENT OF EDUCATION						
<i>Pass Through Ohio Department of Education:</i>						
Title I	C1-S1-07	84.010	47,892		50,304	
	C1-S1-08		618,119		618,365	
Total Title I			<u>666,011</u>		<u>668,669</u>	
Special Education Cluster:						
Special Education Part B-IDEA	6B-SF-07P	84.027	60,887		53,397	
	6B-SF-08P		553,676		552,795	
Total Special Education Part B-IDEA			<u>614,563</u>		<u>606,192</u>	
Early Childhood Special Education, IDEA	PG-S1-07P	84.173	3,049		3,603	
	PG-S1-08P		15,246		15,110	
Total Early Childhood Special Education, IDEA			<u>18,295</u>		<u>18,713</u>	
Total Special Education Cluster			632,858		624,905	
Safe and Drug Free Schools, Title IV-A	DR-S1-2007	84.186	(11)			
	DR-S1-2008		10,264		10,257	
Total Safe and Drug Free Schools, Title IV-A			<u>10,253</u>		<u>10,257</u>	
Innovative Education Program Strategies, Title V	C2-S1-07	84.298	1,056		2,512	
	C2-S1-08		4,349		4,345	
Total Innovative Education Program Strategies, Title V			<u>5,405</u>		<u>6,857</u>	
Improving Teacher Quality, Title II-A	CR-S1-07	84.367	6,622		12,074	
	CR-S1-08		123,415		122,170	
Total Improving Teacher Quality, Title II-A			<u>130,037</u>		<u>134,244</u>	
Technology, Title II-D	TJ-S1-07	84.318	355			
	TJ-S1-08		5,720		5,359	
Total Technology, Title II-D			<u>6,075</u>		<u>5,359</u>	
Community and Beyond -21st Century	T1-S1-07	84.287	47,260		42,116	
	T1-S1-08		141,016		157,971	
Total Community and Beyond-21st Century			<u>188,276</u>		<u>200,087</u>	
Total U.S. Department of Education			1,638,915		1,650,378	
Totals			<u>\$ 2,081,018</u>	<u>\$ 11,235</u>	<u>\$ 2,092,481</u>	<u>\$ 11,635</u>

See accompanying Notes to Federal Awards Receipts and Expenditures Schedule.

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
JUNE 30, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DONATION DISTRIBUTION

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

NOTE C - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



Mary Taylor, CPA

Auditor of State

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, the major funds and the aggregate remaining fund information of the River View Local School District, Coshocton County, Ohio (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 12, 2009. 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 as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

101 Central Plaza South / 700 Chase Tower / Canton, OH 44702-1509
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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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted a certain matter that we reported to the District's management in a separate letter dated January 12, 2009.

We intend this report solely for the information and use of management, the Board of Education, federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 12, 2009



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of 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 apply to its major federal programs for the year ended June 30, 2008. The summary of auditor's results section of the accompanying Schedule of Findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 River View Local School District, Coshocton County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted a certain matter that we reported to the District's management in a separate letter dated January 12, 2009.

We intend this report solely for the information and use of management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

January 12, 2009

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control 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):	Nutrition Cluster CFDA #10.555 and 10.553 Special Education Cluster CFDA #84.027 and 84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA
Auditor of State

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCOTON 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
FEBRUARY 10, 2009**