



Dave Yost • Auditor of State

**RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT
WAYNE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Rittman Exempted Village School District
Wayne County
100 Saurer Street
Rittman, Ohio 44270

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Rittman Exempted Village School District, Wayne County, Ohio (the School District), as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Rittman Exempted Village School District, Wayne County, Ohio, as of June 30, 2017, and the respective changes in cash financial position and the budgetary comparison for the General thereof for the year(s) then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental Information

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

We applied no procedures to Management's Discussion & Analysis, as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2017, on our consideration of the School 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

October 25, 2017

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Rittman Exempted Village School District
Wayne County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

The discussion and analysis of the Rittman Exempted Village 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, 2017. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- In total, net position increased \$956,498, which represents a 28 percent increase from 2016.
- Outstanding debt decreased from \$7,241,767 to \$6,869,109 through principal payments made during the current year.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the 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 Position* and *Statement of Activities* provide information about the activities of the whole School District. 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 non-major funds presented in total in one column. For fiscal year 2017, the general fund and the bond retirement fund are the School District's most significant funds.

Basis of Accounting

The School District has elected to present its financial statements on the cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and investments and changes in cash and investments resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement basis presentation in a statement of net position will be cash and investments. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and investments. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Rittman Exempted Village School District
Wayne County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2017?" The statement of net position and the statement of activities answer this question.

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

In the statement of net position and the statement of activities, governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. 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 include the general fund and the bond retirement 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 the cash basis of accounting. 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 determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Reporting the School District's Fiduciary Responsibilities

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. These funds are not reflected in the government-wide financial statements because the resources are not available to support the School District's own programs. The accounting for the fiduciary funds is much like that used for proprietary funds.

Rittman Exempted Village School District
Wayne County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2017 compared to 2016.

(Table 1)
Net Position – Cash Basis

	Governmental Activities	
	2017	2016
Assets		
Equity in Pooled Cash and Investments	\$ 4,354,527	\$ 3,430,051
Cash and Cash Equivalents in Segregated Accounts	32,022	0
<i>Total Assets</i>	\$ 4,386,549	\$ 3,430,051
Net Position		
Restricted for:		
Capital Outlay	\$ 315,462	\$ 245,748
Debt Service	557,896	548,368
Other Purposes	462,151	538,399
Set Asides	96,299	96,299
Unrestricted	2,954,741	2,001,237
<i>Total Net Position</i>	\$ 4,386,549	\$ 3,430,051

Net position of the governmental activities increased \$956,498, which represents a 28 percent increase from fiscal year 2016. Increases in cash and cash equivalents, as well as unrestricted net position, are due increases in state funding through foundation, combined with conservative spending.

A portion of the School District's net position, \$1,431,808 or 33 percent, represents resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position of \$2,954,741 may be used to meet the School District's ongoing obligations.

Rittman Exempted Village School District
Wayne County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

Table 2 shows the changes in net position for fiscal year 2017 as compared to fiscal year 2016.

(Table 2)
Changes in Net Position – Cash Basis

	Governmental Activities	
	2017	2016
Receipts		
Program Receipts		
Charges for Services and Sales	\$ 555,087	\$ 792,188
Operating Grants, Contributions and Interest	1,388,649	1,725,517
Capital Grants and Contributions	0	193
<i>Total Program Receipts</i>	<u>1,943,736</u>	<u>2,517,898</u>
General Receipts		
Property Taxes	3,775,690	3,722,291
Grants and Entitlements not Restricted to Specific Programs	7,408,509	6,967,402
Proceeds from Sale of Assets	9,000	8,240
Investment Earnings	16,092	2,172
Miscellaneous	68,844	69,563
<i>Total General Receipts</i>	<u>11,278,135</u>	<u>10,769,668</u>
<i>Total Receipts</i>	<u>13,221,871</u>	<u>13,287,566</u>
Program Disbursements		
Instruction:		
Regular	5,082,681	5,061,704
Special	1,886,730	1,725,462
Vocational	25,940	19,668
Other	145,006	128,180
Support Services:		
Pupils	591,451	623,454
Instructional Staff	296,902	322,187
Board of Education	55,574	53,414
Administration	774,673	858,982
Fiscal	318,741	509,900
Operation and Maintenance of Plant	1,225,772	1,089,653
Pupil Transportation	324,093	384,495
Central	10,800	0
Operation of Non-Instructional Services:		
Food Service Operations	463,653	531,281
Community Services	0	2,500
Extracurricular Activities	331,620	288,472
Capital Outlay	143,827	145,304
Debt Service:		
Principal Retirement	372,658	466,953
Interest and Fiscal Charges	215,252	238,652
<i>Total Program Disbursements</i>	<u>12,265,373</u>	<u>12,450,261</u>
<i>Change in Net Position</i>	956,498	837,305
<i>Net Position Beginning of Year</i>	<u>3,430,051</u>	<u>2,592,746</u>
<i>Net Position End of Year</i>	<u>\$ 4,386,549</u>	<u>\$ 3,430,051</u>

Rittman Exempted Village School District
Wayne County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

Grants and entitlements not restricted to specific programs increased by \$441,107 due to an increase in state foundation funding in fiscal year 2017.

Operating grants decreased by \$336,868 during fiscal year 2017 due to decreases in various grants. The largest decrease is due to the completion of the Straight A grant in fiscal year 2016.

Governmental Activities

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.

(Table 3)
Governmental Activities – Cash Basis

	Total Costs of Services		Net Costs of Services	
	2017	2016	2017	2016
<i>Program Disbursements</i>				
Instruction:				
Regular	\$ 5,082,681	\$ 5,061,704	\$ 4,792,693	\$ 4,583,678
Special	1,886,730	1,725,462	953,221	784,218
Vocational	25,940	19,668	21,612	16,282
Other	145,006	128,180	145,006	128,180
Support Services:				
Pupils	591,451	623,454	580,752	623,454
Instructional Staff	296,902	322,187	296,902	321,002
Board of Education	55,574	53,414	55,574	53,414
Administration	774,673	858,982	767,785	727,582
Fiscal	318,741	509,900	318,741	350,452
Operation and Maintenance of Plant	1,225,772	1,089,653	1,218,311	1,060,056
Pupil Transportation	324,093	384,495	314,826	351,374
Central	10,800	0	10,800	0
Operation of Non-Instructional Services:				
Food Service Operations	463,653	531,281	(42,786)	(21,583)
Community Services	0	2,500	0	2,500
Extracurricular Activities	331,620	288,472	201,538	146,038
Capital Outlay	143,827	145,304	98,752	100,111
Debt Service:				
Refunding Payment to Escrow Agent	0	0	0	0
Principal Retirement	372,658	466,953	372,658	466,953
Interest and Fiscal Charges	215,252	238,652	215,252	238,652
Total	\$ 12,265,373	\$ 12,450,261	\$ 10,321,637	\$ 9,932,363

Rittman Exempted Village School District
Wayne County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

The dependence upon tax receipts and general receipt entitlements from the state for governmental activities is apparent. Program receipts only account for 16 percent of all governmental disbursements. The community is the largest area of support for the School District students.

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting.

The School District's governmental funds reported a combined fund balance of \$4,386,549, which is higher than the prior year balance of \$3,430,051.

The general fund had total cash receipts of \$11,289,160. The cash disbursements of the general fund totaled \$10,301,470. The general fund's fund balance increased \$987,690 in fiscal year 2017. The increase in fund balance can be primarily attributed to increased state foundation funding in fiscal year 2017.

The bond retirement fund had total cash receipts of \$606,628 and total cash disbursements of \$597,100, for an increase in fund balance of \$9,528 in fiscal year 2017.

General Fund Budgeting Highlights

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

During the course of fiscal year 2017, the School District amended its general fund budget. For the general fund, final budget basis receipts and other financing sources were \$11,123,157, representing an increase of \$862,651 from the original estimate of \$10,260,506, due to increased state foundation revenues. Actual receipts of \$11,233,037 were \$109,880 higher than the final budget.

For fiscal year 2017, the general fund final budget basis disbursements and other financing uses were \$11,167,299, which did not change from the original budgeted disbursements amount. Actual disbursements and other financing uses of \$10,513,605 were \$653,694 lower than the final budget, due to conservative spending.

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Rittman Exempted Village School District
Wayne County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

Debt Administration

The School District had the following long-term obligations outstanding at June 30, 2017 and 2016.

(Table 4)
Outstanding Debt, at June 30

	Governmental Activities	
	2017	2016
2015 School Improvement Refunding Bonds		
- Serial, Term and Capital Appreciation Bonds	\$ 6,740,000	\$ 7,105,000
2014 Energy Conservation Bonds	129,109	136,767
<i>Total</i>	\$ 6,869,109	\$ 7,241,767

For further information regarding the School District's debt, refer to Note 10 of the basic financial statements.

Current Issues

Rittman Exempted Village School District receives approximately 69 percent of its general fund revenue from the State. The State of Ohio's biannual budget approved for the fiscal years 2016 and 2017 provided an increase in funding for the School District. However, any increase was capped by the State formula.

The School District relies on its local property taxpayers. A five year levy passed in 1999, for 6.7 mills expired in 2004. A \$1,000,000 emergency levy was defeated in November 2004. In May and August of 2005, a \$1,555,000 emergency levy was defeated. A reduction in force took place. In May 2006, the School District passed a five-year emergency levy for \$950,000. This levy was renewed for 5 more years in November, 2010 and ten more years in May 2015 with 79 percent voting for the levy. This renewal increases the financial stability of the School District.

The School District experienced a reduction in force at the end of the 2005 and 2006 fiscal years. The resulting savings helped balance the School District's budget. Some of those reductions have been reinstated. Future changes in staffing will be monitored in connection with potential deficits and State funding. The School District shares a Treasurer with three other school districts (Orrville City School District, Green Local School District-Wayne County, and Southeast Local School District-Wayne County). The School District also shares a Superintendent with three other entities (Orrville City School District, Southeast Local School District-Wayne County, and Tri-County Educational Service Center). This arrangement provides a cost effective central administrative office.

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 Mark Dickerhoof, Treasurer of Rittman Exempted Village School District, 100 Saurer Street, Rittman, Ohio 44270.

Rittman Exempted Village School District
Wayne County, Ohio
Statement of Net Position - Cash Basis
June 30, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 4,354,527
Cash and Cash Equivalents in Segregated Accounts	32,022
<i>Total Assets</i>	<i>\$ 4,386,549</i>
Net Position	
Restricted for:	
Capital Outlay	\$ 315,462
Debt Service	557,896
Other Purposes	462,151
Set Asides	96,299
Unrestricted	2,954,741
<i>Total Net Position</i>	<i>\$ 4,386,549</i>

See accompanying notes to the basic financial statements.

**Rittman Exempted Village School District
Wayne County, Ohio**

*Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2017*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 5,082,681	\$ 266,191	\$ 23,797	\$ (4,792,693)
Special	1,886,730	5,654	927,855	(953,221)
Vocational	25,940	0	4,328	(21,612)
Other	145,006	0	0	(145,006)
Support Services:				
Pupils	591,451	0	10,699	(580,752)
Instructional Staff	296,902	0	0	(296,902)
Board of Education	55,574	0	0	(55,574)
Administration	774,673	3,622	3,266	(767,785)
Fiscal	318,741	0	0	(318,741)
Operation and Maintenance of Plant	1,225,772	0	7,461	(1,218,311)
Pupil Transportation	324,093	0	9,267	(314,826)
Central	10,800	0	0	(10,800)
Operation of Non-Instructional Services:				
Food Service Operations	463,653	168,381	338,058	42,786
Extracurricular Activities	331,620	66,164	63,918	(201,538)
Capital Outlay	143,827	45,075	0	(98,752)
Debt Service:				
Principal Retirement	372,658	0	0	(372,658)
Interest and Fiscal Charges	215,252	0	0	(215,252)
Totals	\$ 12,265,373	\$ 555,087	\$ 1,388,649	(10,321,637)
 General Receipts				
Property Taxes Levied for:				
General Purposes				3,095,170
Debt Service				477,345
Capital Outlay				158,923
Classroom Facilities Maintenance				44,252
Grants and Entitlements not Restricted to Specific Programs				7,408,509
Proceeds from Sale of Assets				9,000
Investment Earnings				16,092
Miscellaneous				68,844
Total General Receipts				11,278,135
Change in Net Position				956,498
Net Position Beginning of Year				3,430,051
Net Position End of Year				\$ 4,386,549

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
Wayne County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2017

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 2,980,933	\$ 557,896	\$ 719,399	\$ 4,258,228
Restricted Cash and Cash Equivalents	96,299	0	0	96,299
Cash and Cash Equivalents in Segregated Accounts	0	0	32,022	32,022
<i>Total Assets</i>	<u>\$ 3,077,232</u>	<u>\$ 557,896</u>	<u>\$ 751,421</u>	<u>\$ 4,386,549</u>
Fund Balances				
Restricted	\$ 96,299	\$ 557,896	\$ 777,613	\$ 1,431,808
Committed	0	0	8,364	8,364
Assigned	678,439	0	0	678,439
Unassigned	2,302,494	0	(34,556)	2,267,938
<i>Total Fund Balances</i>	<u>\$ 3,077,232</u>	<u>\$ 557,896</u>	<u>\$ 751,421</u>	<u>\$ 4,386,549</u>

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
Wayne County, Ohio
Statement of Receipts, Disbursements and Changes
in Fund Balances - Cash Basis - Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 3,095,170	\$ 477,345	\$ 212,442	\$ 3,784,957
Intergovernmental	7,834,801	129,283	759,889	8,723,973
Investment Income	2,929	0	13,163	16,092
Tuition and Fees	271,845	0	0	271,845
Extracurricular Activities	12,693	0	53,471	66,164
Gifts and Donations	0	0	63,918	63,918
Charges for Services	3,622	0	168,381	172,003
Rent	0	0	45,075	45,075
Miscellaneous	68,100	0	744	68,844
<i>Total Receipts</i>	<u>11,289,160</u>	<u>606,628</u>	<u>1,317,083</u>	<u>13,212,871</u>
Disbursements				
Current:				
Instruction:				
Regular	5,067,504	0	15,177	5,082,681
Special	1,512,896	0	373,834	1,886,730
Vocational	25,940	0	0	25,940
Other	145,006	0	0	145,006
Support Services:				
Pupils	580,566	0	10,885	591,451
Instructional Staff	292,261	0	4,641	296,902
Board of Education	55,574	0	0	55,574
Administration	771,350	0	3,323	774,673
Fiscal	305,777	9,190	3,774	318,741
Operation and Maintenance of Plant	1,048,408	0	177,364	1,225,772
Pupil Transportation	300,633	0	23,460	324,093
Central	0	0	10,800	10,800
Extracurricular Activities	195,555	0	136,065	331,620
Operation of Non-Instructional Services:				
Food Service Operations	0	0	463,653	463,653
Capital Outlay	0	0	143,827	143,827
Debt Service:				
Principal Retirement	0	372,658	0	372,658
Interest and Fiscal Charges	0	215,252	0	215,252
<i>Total Disbursements</i>	<u>10,301,470</u>	<u>597,100</u>	<u>1,366,803</u>	<u>12,265,373</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>987,690</u>	<u>9,528</u>	<u>(49,720)</u>	<u>947,498</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	0	0	9,000	9,000
<i>Net Change in Fund Balances</i>	987,690	9,528	(40,720)	956,498
<i>Fund Balances Beginning of Year</i>	<u>2,089,542</u>	<u>548,368</u>	<u>792,141</u>	<u>3,430,051</u>
<i>Fund Balances End of Year</i>	<u>\$ 3,077,232</u>	<u>\$ 557,896</u>	<u>\$ 751,421</u>	<u>\$ 4,386,549</u>

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
Wayne County, Ohio
Statement of Receipts, Disbursements and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts and Other Financing Sources	<u>\$ 10,260,506</u>	<u>\$ 11,123,157</u>	<u>\$ 11,233,037</u>	<u>\$ 109,880</u>
Disbursements and Other Financing Uses	<u>11,167,299</u>	<u>11,167,299</u>	<u>10,513,605</u>	<u>653,694</u>
<i>Net Change in Fund Balance</i>	(906,793)	(44,142)	719,432	763,574
<i>Fund Balance Beginning of Year</i>	1,870,251	1,870,251	1,870,251	0
Prior Year Encumbrances Appropriated	<u>165,299</u>	<u>165,299</u>	<u>165,299</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 1,128,757</u></u>	<u><u>\$ 1,991,408</u></u>	<u><u>\$ 2,754,982</u></u>	<u><u>\$ 763,574</u></u>

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
Wayne County, Ohio
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
June 30, 2017

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Investments	<u>\$ 8,604</u>
<i>Total Assets</i>	<u><u>\$ 8,604</u></u>
Net Position	
Due to Students	<u>\$ 8,604</u>
<i>Total Net Position</i>	<u><u>\$ 8,604</u></u>

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 1 – Description of the School District

The Rittman Exempted Village School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The 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.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District 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.

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; (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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 has no component units.

The School District participates in one jointly governed organization and one public entity risk pool. These organizations are the Tri-County Computer Services Association and the Stark County Schools Council of Governments Health Benefit Plan. They are presented in Notes 11 and 12.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.A., these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

A. Basis of Accounting

Although required by Ohio Administrative Code Sections 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash accounting basis. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Budgetary presentations report budgetary disbursements when a commitment is made (i.e. when an encumbrance is approved). Differences between disbursements reported in the fund and government-wide statements versus budgetary disbursements are due to encumbrances outstanding at the beginning and end of the fiscal year.

These statements include required disclosures of material matters, in accordance with the basis of accounting described in the preceding paragraph.

B. Basis of Presentation – Fund Accounting

Government-wide Financial Statements - The statement of net position 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 statement of net position presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct disbursements and program receipts for each program or function of the School District's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts 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. Receipts which are not classified as program receipts are presented as general receipts of the School District, with certain limitations. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District. Governmental activities generally are financed through taxes, intergovernmental receipts, and other non-exchange receipts.

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 financial statements is on major funds.

Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

The School District uses funds to maintain its financial records during the fiscal year. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its receipts and disbursements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the School District or meets the following criteria:

- a. Total assets, receipts, or disbursements of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, receipts, or disbursements of the individual governmental fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The funds of the financial reporting entity are described below:

Governmental Funds - Governmental funds are those through which most governmental functions of the School District are financed. The following are the School District's major governmental funds:

General Fund - The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund - The Bond Retirement Fund accounts for monies received and expended in connection with debt agreements entered into by the School District for the building and equipping of classroom facilities.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. 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. Agency funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. The School District's only fiduciary fund is an agency fund that accounts for student activities.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

The legal level of budgetary control established by the Board of Education is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board. Budgetary allocations at the function and object level within all funds, are made by the Treasurer.

Tax Budget

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year, for the period July 1 to June 30 of the following fiscal year.

Rittman Exempted Village School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected receipt of each fund. Prior to June 30, the School District must revise its budget so that total contemplated disbursements from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in receipt are identified by the School District Treasurer.

Appropriations

Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying a new certificate is not necessary, the annual Appropriation Resolution Report must be legally enacted by the Board of Education at the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The Appropriation Resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of disbursements and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the disbursement of monies are recorded as the equivalent of disbursements on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Disbursements plus encumbrances may not legally exceed appropriations plus prior year encumbrances.

Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Investments

To improve cash management, cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements. Cash and investments belonging to individual funds and not part of the pool are recorded as "cash and cash equivalents in segregated accounts."

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

During fiscal year 2017, the School District investments included a money market, STAR Ohio (the State Treasury Asset Reserve) and various government agency securities. See Note 5 for a full listing of the School District's investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During fiscal year 2017, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the General Fund during fiscal year 2017 amounted to \$2,929, which includes \$819 assigned from other School District funds.

The School District has segregated bank accounts for monies and investments held separate from the School District's central bank account. These interest bearing depository accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the School District's treasury. See Note 5, Deposits and Investments.

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 financial statements as "equity in pooled cash and investments." Investments with an original maturity of more than three months that are not made from the pool are reported as "investments."

E. Restricted Assets

Assets are reported as restricted when limitation on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amounts required by State statute to be set aside for budget stabilization. See Note 14 for additional information regarding set-asides.

F. Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Rittman Exempted Village School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

G. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements. Depreciation is not recorded on these capital assets.

H. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting as presented here by the School District.

I. Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

J. Intergovernmental Receipts

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants are recorded as receipts when the grant is received.

K. Interfund Transactions

During the course of normal operations, the School District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources are to be disbursed are recorded as transfers.
2. Reimbursements from one fund to another are treated as disbursements in the reimbursing fund and a reduction in disbursements in the reimbursed fund.

L. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes disbursements for employer contributions to cost-sharing plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Rittman Exempted Village School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

M. Equity Classifications

GOVERNMENT-WIDE STATEMENTS

Equity is classified as net position, and displayed in separate components:

- a. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation. Net position restricted for other purposes primarily include resources for instruction of students and food service operations. As of June 30, 2017, the School District did not have net position restricted by enabling legislation.
- b. Unrestricted net position – All other net position that do not meet the definition of “restricted.”

The School District’s policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

FUND FINANCIAL STATEMENTS

Governmental fund equity is classified as fund balance. Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

- a. Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.
- b. Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.
- c. Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- d. Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

- e. Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District first applies restricted resources when an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

N. Receipts and Disbursements

Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the School District's taxpayers are reported as program receipts. The School District has the following program receipts: charges for services and sales, operating and capital grants, contributions and interest.

All other governmental receipts are reported as general. All taxes are classified as a general receipt even if restricted for a specific purpose.

Disbursements

Governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities, and food service operations.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2017.

P. Pensions

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Q. Implementation of New Accounting Principles

For the fiscal year ended June 30, 2017, the School District has (to the extent it applies to the cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14* and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of this statement did not result in any change in the School District's financial statements as the School District does not have any material GASB Statement No. 77 tax abatements.

GASB Statement No. 78 amends the scope of GASB Statement No. 68 to exclude certain multiple-employer defined benefit pension plans provided to employees of state and local governments on the basis that obtaining the measurements and other information required by GASB Statement No. 68 was not feasible. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the School District.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the School District.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the School District's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

Note 3 – Accountability and Compliance

Ohio Adm. Code Section 117-2-03(B) requires the School District to file annual financial reports, which are prepared using generally accepted accounting principles (GAAP). For fiscal year 2017, the School District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit assets and deferred outflows of resources, liabilities and deferred inflows of resources, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

At June 30, 2017, the Title I Grant and Title VI-B funds had deficit balances in the amount of \$3,230 and \$31,326, respectively. The General Fund provides transfers to cover deficit balance; however, this is done when cash is needed.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 4 – Budgetary Basis of Accounting

The statement of receipts, disbursements and changes in fund balance - budget and actual (budget cash basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the cash basis are that:

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement; and,
- (b) Some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the cash basis for the general fund is as follows:

	<u>General Fund</u>
Cash Basis	\$ 987,690
Funds Budgeted Elsewhere**	(12,729)
Adjustment for Encumbrances	<u>(255,529)</u>
Budget Basis	<u>\$ 719,432</u>

** As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on the cash basis. This includes the uniform school supplies fund, the Shared Services Fund, and the PSSF funds.

Note 5 – Deposits and Investments

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

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

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

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

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States Treasury bills, notes, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 40 percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

As of June 30, 2017, the School District had \$300 in undeposited cash on hand which is included in the pooled cash and investments.

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of School District cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Deposits - At fiscal year-end, the carrying amount of the School District's deposits was \$3,228,557 and the bank balance was \$3,304,532. Of the bank balance:

1. \$500,000 was covered by federal depository insurance; and
2. \$2,804,532 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments – Investments are reported at cost. As of June 30, 2017, the School District had the following investments:

Rating by S & P	Entity	Cost	Investment Maturities			Percentage of Total Investment
			In Months (0-6)	In Months (7-12)	In Months (19-24)	
AAAm	STAR Ohio	\$ 95,879	\$ 95,879	\$ 0	\$ 0	8.22%
AAAm	Fifth Third Money Market	2,417	2,417	0	0	0.21%
N/A	Certificates of Deposit	1,068,000	230,000	605,000	233,000	91.57%
		<u>\$ 1,166,296</u>	<u>\$ 328,296</u>	<u>\$ 605,000</u>	<u>\$ 233,000</u>	<u>100.00%</u>

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchases of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Credit Risk – The School District's investment credit ratings are summarized above.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2017, is 46 days.

Concentration of Credit Risk – The School District places no limit on the amount the School District may invest in any one issuer, however State statute limits investments in commercial paper and bankers' acceptances to 40 percent of the interim monies available for investment at any one time. The investment percentages are listed in the previous table.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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 and public utility property located in the School District. Real property tax revenue received in calendar year 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, 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 year 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien December 31, 2015, were levied after April 1, 2016 and are collected in 2017 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Wayne and Medina Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2017 taxes were collected are:

	Wayne County			
	2016 Second-Half Collections		2017 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 98,159,660	97.55%	\$ 98,367,200	97.12%
Public Utility Personal Property	2,467,470	2.45%	2,915,760	2.88%
Total	<u>\$ 100,627,130</u>	<u>100.00%</u>	<u>\$ 101,282,960</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 63.70		\$ 63.50	

	Medina County			
	2016 Second-Half Collections		2017 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 2,443,870	87.21%	\$ 2,709,790	85.67%
Public Utility Personal Property	358,530	12.79%	453,390	14.33%
Total	<u>\$ 2,802,400</u>	<u>100.00%</u>	<u>\$ 3,163,180</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 63.70		\$ 63.50	

Rittman Exempted Village School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 7 – 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. The School District has a comprehensive property and casualty policy with Ohio School Plan. The deductible is \$1,000 per incident on property and \$1,000 per incident on equipment. All vehicles are also insured with Ohio School Plan and have a \$1,000 deductible. All board members, administrators, and employees are covered under a school district liability policy with Ohio Casualty Insurance Company. The limits of this coverage are \$5,000,000 per occurrence and \$7,000,000 per aggregate. The board president and superintendent have a \$20,000 position bond with the Cincinnati Insurance Company. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction from the prior year.

The Treasurer is covered under a surety bond in the amount of \$30,000. This bond is provided by the Cincinnati Insurance Company.

B. Workers' Compensation

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries.

C. Employee Health Insurance

Beginning July 1, 2010, the School District is a member of the Stark County Schools Council of Governments Health Benefit Plan (the "Council") to provide employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

The intent of the insurance pool is to achieve a reduced, stable and competitive rate for the School District by grouping with other members of the Health Benefits Program. The experience of all participating districts is calculated as one, and a common premium rate is applied to all member districts.

Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The employees share the cost of the monthly premium with the Board. For fiscal year 2017, the School District's monthly premiums were \$1,651.14 for family medical coverage and \$679.76 for single medical coverage. Dental insurance is also provided by the School District to qualified employees through the Stark County Schools Council for Governments. For fiscal year 2016, the School District's cost was \$212.92 for family dental coverage and \$86.37 for single dental coverage per employee per month.

Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance. The Stark County Schools Council of Government Board of Directors has the right to return monies to an existing school district subsequent to the settlement of all expenses and claims.

Rittman Exempted Village School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 8 – Defined Benefit Pension Plans

Net Pension Liability

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability represents the School District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. 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 Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Rittman Exempted Village School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017*	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

*Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. SERS did not allocate any employer contributions to the Health Care Fund for fiscal year 2017.

The School District’s contractually required contribution to SERS was \$182,864 for fiscal year 2017.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 11.5 percent of the 13 percent member rate goes to the DC Plan and the remaining 1.5 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$645,168 for fiscal year 2017.

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Notes to the Basic Financial Statements
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Net Pension Liability

The net pension liability was measured as of July 1 2016, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's employer allocation percentage of the net pension liability is based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating STRS Ohio employers. Employer contributions were determined based on the 14 percent employer rate and total member contributions from employer payroll reports for the year ended June 30, 2016:

	STRS	SERS	Total
Proportionate Share of the Net Pension Liability	\$ 14,309,881	\$ 2,775,650	\$ 17,085,531
Proportion of the Net Pension Liability	0.04275050%	0.03792350%	

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disable members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

	1% Decrease <u>(6.50%)</u>	Current Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
School District's proportionate share of the net pension liability	\$ 3,674,788	\$ 2,775,645	\$ 2,023,035

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected Salary Increase	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year, for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return*</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	<u>3.00</u>
	<u>100.00 %</u>	<u>7.61 %</u>

*10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50 percent and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Rittman Exempted Village School District
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Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$ 19,016,669	\$ 14,309,883	\$ 10,339,428

Note 9 – Post Employment Benefits

A. School Employees Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

**Rittman Exempted Village School District
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*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, SERS did not allocate any employer contributions to the Health Care fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was \$23,500. 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.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2017, 2016, and 2015 were \$17,700, \$17,325 and \$29,778, respectively. The full amount has been contributed for all three fiscal years.

B. State Teachers Retirement System

Plan Description – The School District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2017, STRS did not allocate any employer contributions to post-employment health care. The School District did not contribute to health care in the last three fiscal years.

Note 10 – Long - Term Obligations

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

	<u>Outstanding 6/30/2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 6/30/2017</u>	<u>Amounts Due in One Year</u>
Governmental Activities:					
2015 School Improvement Refunding Bonds \$7,565,000 - 2.00-4.00% Serial Bonds	\$ 7,105,000	\$ 0	\$ 365,000	\$ 6,740,000	\$ 375,000
2014 Energy Conservation Improvement Bonds \$143,720 - 3.65%	136,767	0	7,658	129,109	7,938
Total Governmental Activities Long-Term Obligations	<u>\$ 7,241,767</u>	<u>\$ 0</u>	<u>\$ 372,658</u>	<u>\$ 6,869,109</u>	<u>\$382,938</u>

Debt will be paid from the debt service fund.

Rittman Exempted Village School District
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2015 School Improvement Refunding General Obligation Bonds

On April 30, 2015, the School District issued \$7,565,000 in voted general obligation bonds. The bond issue consists of serial bonds issued with a varying interest rate of 2.0 to 4.0 percent. The bonds refunded \$7,575,000 of outstanding 2007 School Improvement General Obligation Bonds. The bonds were issued for a seventeen year period with final maturities at December 1, 2031.

At the date of refunding, \$7,669,004 (including premium and after underwriting fees and other issuance costs) was deposited in an irrevocable trust to provide for all future payments on the refunded bonds. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$829,513 over the next seventeen years and resulted in an economic gain of \$702,890.

2014 Energy Conservation Improvement Bonds

On October 30, 2014, the School District issued \$143,720 in voted general obligation bonds for the purpose of paying costs of installations, modifications and remodeling of school buildings to conserve energy. The bonds were issued at an interest rate of 3.65 percent for a fifteen year period with final maturity at December 1, 2029.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2017 are as follows:

Fiscal Year	General Obligation Bonds	
Ending	Principal	Interest
June 30	Principal	Interest
2018	\$ 382,938	\$ 211,318
2019	383,227	203,523
2020	393,528	195,717
2021	408,839	187,700
2022	419,162	175,371
2023-2027	2,246,075	705,870
2028-2032	2,635,340	313,316
Total	\$ 6,869,109	\$ 1,992,815

Rittman Exempted Village School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 11 – Jointly Governed Organization

The Midland Council of Governments dba/Tri-County Computer Services Association is organized under Chapter 167 of the Ohio Revised Code. The Tri-County Computer Services Association (TCCSA) is a jointly governed organization. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts in Ashland, Holmes, Medina and Wayne counties. TCCSA is governed by representatives from each of the participating public school districts served by TCCSA. TCCSA is recognized as one of twenty-three regional Information Technology Centers (ITC) as defined by the Ohio Department of Education. Each of the participating districts supports TCCSA based upon a per pupil charge dependent upon the software package utilized. Financial information can be obtained by contacting the Executive Director at the Tri-County Computer Services Association located at 2125 Eagle Pass, Wooster, OH 44691. During the fiscal year ended June 30, 2017, the School District paid \$183,469 to TCCSA for basic service charges.

Note 12 – Public Entity Risk Pool

The School District is a member of the Stark County Schools Council of Governments Health Benefit Plan (the Council), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the “Program”) is an employee health benefit plan which covers the participating members’ employees. The Council acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purpose of paying health benefit claims for employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. The School District accounts for the premiums paid as expenditures in the general or applicable fund.

Note 13 – Contingencies

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2017, if applicable, cannot be determined at this time.

B. Litigation

The School District is not party to any claims or lawsuits that would, in the School District’s opinion, have a material effect of the basic financial statements.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

C. School District Funding

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school districts, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2017 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

Note 14 – Statutory Restrictions

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 acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the change in the year end set-aside amounts for capital acquisition. Disclosure of this information is required by State statute. Effective April 10, 2001, Senate Bill 345 amended Ohio Revised Code 5705.29 effectively eliminating the requirement for the School District to establish and maintain a budget stabilization reserve. By resolution, the Board can eliminate the reserve in accordance with the Act. As of June 30, 2017, the Board had not acted on the Senate Bill, in regards to the balance representing Bureau of Workers’ Compensation rebates. For fiscal year ended June 30, 2017, the restriction activity was as follows:

	Capital Acquisition	Budget Stabilization
Set-Aside Reserve Balance June 30, 2016	\$ 0	\$ 96,299
Current Year Set Aside Requirement	188,726	0
Current Year Offsets	(254,567)	0
Total	\$ (65,841)	\$ 96,299
Balance carried forward to FY 2018	\$ 0	\$ 96,299
Set-Aside Reserve Balance June 30, 2017	\$ 0	\$ 96,299

Although the School District had qualifying offsets during the fiscal year that reduced the set-aside amount below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years. The balance for the budget stabilization at the end of the fiscal year was \$96,299. The set aside amount of \$96,299 is reported as restricted cash and investments in the general fund.

Note 15 – Significant Commitments

A. Encumbrance Commitments

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the School District’s commitments for encumbrances in the general fund and non-major governmental funds were \$258,548 and \$163,583, respectively.

Rittman Exempted Village School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

B. Contractual Commitments

At June 30, 2017, the School District had the following outstanding contractual commitments:

<u>Contract/Vendor</u>	<u>Contracted Amount</u>	<u>Amount Remaining</u>
Garland Co	\$ 31,830	\$ 31,830
McConkey Construction	38,850	38,850
Standard Plumbing	22,549	22,549
Fredericksburg Builders	45,010	40,509
	<u>\$ 138,239</u>	<u>\$ 133,738</u>

Based on timing of when contracts are encumbered, contractual commitments identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note.

Note 16 – Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted for:				
Permanent Improvements & Maintenance	\$ 0	\$ 0	\$ 461,070	\$ 461,070
Debt Service	0	557,896	0	557,896
Budget Stabilization – BWC Refund	96,299	0	0	96,299
Food Service Operations	0	0	263,599	263,599
Athletics, Band and Choir	0	0	42,729	42,729
Ohio Reads	0	0	50	50
Technology	0	0	5,415	5,415
Title Programs	0	0	4,750	4,750
Total Restricted	<u>96,299</u>	<u>557,896</u>	<u>777,613</u>	<u>1,431,808</u>
Committed to:				
Educational Funds	<u>0</u>	<u>0</u>	<u>8,364</u>	<u>8,364</u>
Assigned for:				
Instruction	123,072	0	0	123,072
Support Services	132,456	0	0	132,456
Educational Activities	63,217	0	0	63,217
Subsequent Years Appropriations	359,694	0	0	359,694
Total Assigned	<u>678,439</u>	<u>0</u>	<u>0</u>	<u>678,439</u>
Unassigned	<u>2,302,494</u>	<u>0</u>	<u>(34,556)</u>	<u>2,267,938</u>
Total Fund Balance	<u>\$ 3,077,232</u>	<u>\$ 557,896</u>	<u>\$ 751,421</u>	<u>\$ 4,386,549</u>

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**RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT
WAYNE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education</i>		
Child Nutrition Cluster:		
Non-Cash Assistance (Food Distribution):		
National School Lunch Program	10.555	\$ 46,005
Cash Assistance:		
School Breakfast Program	10.553	71,838
National School Lunch Program	10.555	272,257
Total Child Nutrition Cluster		390,100
Total U.S. Department of Agriculture		390,100
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education</i>		
Special Education - Grants to States	84.027	23,693
		197,318
Total Special Education		221,011
Title I Grants to Local Educational Agencies	84.010	19,849
		147,181
Total Title I Grants to Local Educational Agencies		167,030
Improving Teacher Quality State Grants	84.367	4,977
Total U.S. Department of Education		393,018
Total Expenditures of Federal Awards		\$ 783,118

The accompanying notes are an integral part of this schedule.

**RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT
WAYNE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Rittman Exempted Village School District, Wayne County, (the School District) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Government, it is not intended to and does not present the financial position or changes in net position of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Government assumes it expends federal monies first.

NOTE D – FOOD DONATION PROGRAM

The School District reports commodities consumed on the Schedule at the fair value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Rittman Exempted Village School District
Wayne County
100 Saurer Street
Rittman, Ohio 44270

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rittman Exempted Village School District, Wayne County, Ohio (the School District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 25, 2017, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the School 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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-001.

School District's Response to Findings

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the School District's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

October 25, 2017



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Rittman Exempted Village School District
Wayne County
100 Saurer Street
Rittman, Ohio 44270

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Rittman Exempted Village School District's, Wayne County, Ohio (the School District's), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Rittman Exempted Village School District's major federal program for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

Management's Responsibility

The School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School District's major program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on the Major Federal Program

In our opinion, the Rittman Exempted Village School District, Wayne County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

October 25, 2017

**RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any 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)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA #10.553 & 10.555 – Child Nutrition Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT
WAYNE COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017
(Continued)

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

FINDING NUMBER 2017-001

Noncompliance

Ohio Rev. Code § 117.38 provides each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. **Ohio Admin. Code § 117-2-03** further clarifies the requirements of **Ohio Rev. Code § 117.38**.

Ohio Admin. Code § 117-2-03(B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). The School District prepared its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This presentation differs from GAAP. The accompanying financial statements omit assets, liabilities, deferred inflows/outflows, fund equities, and disclosures that, while material, cannot be determined at this time. Failure to prepare proper GAAP financial statements may result in the School District being fined or other administrative remedies.

The School District should prepare its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Officials' Response: See Corrective Action Plan

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT
WAYNE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001 2015-001	ORC 117.38 and OAC 117-2-03(b) – Filing GAAP Financial Statements (First issued in 2010)	Not Corrected	The District filed their financial statements on the OCBOA basis. See Finding 2017-001.

RITTMAN EXEMPTED
 VILLAGE SCHOOLS
 100 Saurer Street
 Rittman, OH 44270

RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT
 WAYNE COUNTY

CORRECTIVE ACTION PLAN
 2 CFR § 200.511(c)
 JUNE 30, 2017



Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	The Rittman Exempted Village School District Board of Education takes pride in presenting data that is cost-effective to produce and easily understood by the reader. Cash-basis financial statements are similar to other management reports produced throughout the fiscal year, such as the five year forecast, and can be compared without major adjustments.	N/A	Mark Dickerhoof, Treasurer

ADMINISTRATION

James J. Ritchie
 Superintendent
 330.927.7401

Mark Dickerhoof
 Treasurer
 330.927.7415

BOARD MEMBERS

Dale Hartzler
 Doug Stuart
 Walter Marquart
 Pam Wolfe
 Dave Plahuta



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RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT

WAYNE 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
NOVEMBER 16, 2017**