



OHIO AUDITOR OF STATE
KEITH FABER



**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCKTON COUNTY
JUNE 30, 2019**

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COSHOCKTON COUNTY
JUNE 30, 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

River View Local School District
Coshocton County
26496 State Route 60 N
Warsaw, Ohio 43844

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the River View Local School District, Coshocton County, Ohio (the School District), as of and for the year ended June 30, 2019, 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 accounting principles generally accepted in the United States of America; this includes 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 such 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the River View Local School District, Coshocton County, Ohio, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Food Service Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2019, the School District had a reappraisal of capital assets performed which had a material effect on the beginning net position. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and Schedules of Net Pension and Other Post-Employment Benefit Liabilities/Assets and Pension and Other Post-Employment Benefit Contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the School District's basic 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 information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2020, 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 "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

March 24, 2020

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River View Local School District
Coshocton County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

The discussion and analysis of the River View Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2019. 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 and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- Net position decreased \$55,106, which represents a less than 1 percent decrease from 2018.
- Capital assets increased \$68,019 during fiscal year 2019.
- During the fiscal year, outstanding debt decreased from \$310,567 to \$150,826.
- The School District had a reappraisal of capital assets during fiscal year 2019 resulting in a restatement of net position (see Note 2).

Using this Annual Report

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the River View Local School District, the general, food service and permanent improvement funds are by far the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain 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 2019?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

River View Local School District
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Management's Discussion and Analysis
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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 non-instructional services, i.e., food service operations and community services.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, permanent improvement fund and food service fund.

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

Proprietary Fund The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements.

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

River View Local School District
Coshocton County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2019 compared to 2018:

Table 1
Net Position

	Governmental Activities		
	2019	Restated 2018	Change
Assets			
Current and Other Assets	\$ 18,352,956	\$ 20,770,483	\$ (2,417,527)
Net OPEB Asset	1,237,881	0	1,237,881
Capital Assets	8,013,142	7,945,123	68,019
<i>Total Assets</i>	<u>27,603,979</u>	<u>28,715,606</u>	<u>(1,111,627)</u>
Deferred Outflows of Resources			
Pension & OPEB	6,258,690	7,910,581	(1,651,891)
Liabilities			
Current Liabilities	2,672,922	2,460,897	212,025
Long-Term Liabilities:			
Due Within One Year	256,957	273,694	(16,737)
Due in More Than One Year			
Pension & OPEB	25,469,445	30,678,854	(5,209,409)
Other Amounts	789,884	998,798	(208,914)
<i>Total Liabilities</i>	<u>29,189,208</u>	<u>34,412,243</u>	<u>(5,223,035)</u>
Deferred Inflows of Resources			
Property Taxes	7,885,602	7,388,558	497,044
Revenue in Lieu of Taxes	66,051	63,476	2,575
Pension & OPEB	5,247,174	3,232,170	2,015,004
<i>Total Deferred Inflows of Resources</i>	<u>13,198,827</u>	<u>10,684,204</u>	<u>2,514,623</u>
Net Position			
Net Investment in Capital Assets	7,862,316	7,634,556	227,760
Restricted	1,240,573	1,795,531	(554,958)
Unrestricted	(17,628,255)	(17,900,347)	272,092
<i>Total Net Position</i>	<u>\$ (8,525,366)</u>	<u>\$ (8,470,260)</u>	<u>\$ (55,106)</u>

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The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2019, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the School District also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB asset/liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these assets/liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset for fiscal year 2019 that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

River View Local School District
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Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability reported by the retirement boards. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB asset/liability, respectively, not accounted for as deferred inflows/outflows.

At year end, capital assets represented 29 percent of total assets. Capital assets include land, buildings and improvements, furniture and fixtures and vehicles. Net investment in capital assets was \$7,862,316 at June 30, 2019. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$1,240,573 represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position is a deficit of \$17,628,255, which is primarily caused by the implementation of GASB 68 and 75.

Equity in pooled cash and investments decreased significantly during the fiscal year as a result of government wide cash basis expenditures outpacing receipts. The School District had a significant decrease of property tax revenue compared to the prior year, while expenditures remained fairly consistent.

Cash and cash equivalents in segregated accounts decreased significantly during the fiscal year. This decrease can be attributed to a significant increase in cash basis claims paid from the School District's self-insurance fund.

There was a significant change in net pension/OPEB liability/asset for the School District. These fluctuations are due to changes in the actuarial liabilities/assets and related accruals that are passed through to the School District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

River View Local School District
Coshocton County, Ohio
Management's Discussion and Analysis
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In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2019 and 2018.

Table 2
Changes in Net Position

	2019	Restated 2018	Change
Revenues			
<i>Program Revenues:</i>			
Charges for Services	\$ 2,603,356	\$ 2,840,314	\$ (236,958)
Operating Grants	2,918,326	2,781,024	137,302
Capital Grants	1,094	0	1,094
<i>Total Program Revenues</i>	<u>5,522,776</u>	<u>5,621,338</u>	<u>(98,562)</u>
<i>General Revenues:</i>			
Property Taxes	8,057,498	9,219,716	(1,162,218)
Grants and Entitlements Not Restricted	9,037,068	9,033,938	3,130
Payments in Lieu of Taxes	141,649	212,193	(70,544)
Other	302,111	255,962	46,149
<i>Total General Revenues</i>	<u>17,538,326</u>	<u>18,721,809</u>	<u>(1,183,483)</u>
<i>Total Revenues</i>	<u>23,061,102</u>	<u>24,343,147</u>	<u>(1,282,045)</u>
Program Expenses			
<i>Instruction:</i>			
Regular	9,055,997	4,095,473	4,960,524
Special	3,271,102	1,663,864	1,607,238
Vocational	212,718	156,954	55,764
Adult/Continuing	12,619	12,536	83
Student Intervention Services	1,229	4,560	(3,331)
<i>Support Services:</i>			
Pupils	814,453	528,706	285,747
Instructional Staff	482,710	273,939	208,771
Board of Education	80,232	98,435	(18,203)
Administration	1,580,671	872,519	708,152
Fiscal	672,010	662,257	9,753
Operation and Maintenance of Plant	2,253,228	1,848,398	404,830
Pupil Transportation	2,209,203	1,983,598	225,605
Central	628,021	616,283	11,738
<i>Operation of Non-Instructional Services:</i>			
Food Service Operations	1,112,401	1,058,848	53,553
Community Services	100,814	79,600	21,214
Extracurricular Activities	616,997	463,882	153,115
<i>Debt Service:</i>			
Interest and Fiscal Charges	11,803	12,727	(924)
<i>Total Expenses</i>	<u>23,116,208</u>	<u>14,432,579</u>	<u>8,683,629</u>
<i>Change in Net Position</i>	(55,106)	9,910,568	(9,965,674)
<i>Net Position (Deficit) at Beginning of Year (Restated)</i>	<u>(8,470,260)</u>	N/A	N/A
<i>Net Position (Deficit) at End of Year</i>	<u>\$ (8,525,366)</u>	<u>\$ (8,470,260)</u>	<u>\$ (55,106)</u>

River View Local School District
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Property tax revenues decreased significantly primarily because of a decrease in collections related to the decrease in assessed valuations. Tax values decreased approximately 8 percent from calendar year 2017 to 2018. This decrease was reflected in the second half collections in fiscal year 2018 and both collections in fiscal year 2019.

Overall, program expenses increased significantly. The changes in program expenses are primarily associated to changes in the School District's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes.

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

	Total Cost of Service		Net Cost of Service	
	2019	2018	2019	2018
Instruction:				
Regular	\$ 9,055,997	\$ 4,095,473	\$ 7,052,335	\$ 2,074,473
Special	3,271,102	1,663,864	1,499,046	(156,934)
Vocational	212,718	156,954	154,139	91,705
Adult/Continuing	12,619	12,536	12,619	12,536
Student Intervention Services	1,229	4,560	1,229	4,560
Support Services:				
Pupils	814,453	528,706	783,896	504,096
Instructional Staff	482,710	273,939	369,344	123,597
Board of Education	80,232	98,435	80,232	98,435
Administration	1,580,671	872,519	1,403,354	744,850
Fiscal	672,010	662,257	672,010	662,257
Operation and Maintenance of Plant	2,253,228	1,848,398	2,239,109	1,848,398
Pupil Transportation	2,209,203	1,983,598	2,099,631	1,874,327
Central	628,021	616,283	617,221	605,483
Operation of Non-Instructional Services:				
Food Service Operations	1,112,401	1,058,848	120,206	42,286
Community Services	100,814	79,600	2,698	1,754
Extracurricular Activities	616,997	463,882	474,560	266,691
Debt Service:				
Interest and Fiscal Charges	11,803	12,727	11,803	12,727
Total Expenses	\$ 23,116,208	\$ 14,432,579	\$ 17,593,432	\$ 8,811,241

The dependence upon general revenues for governmental activities is apparent. Over 76 percent of governmental activities are supported through taxes and other general revenues; such revenues are 76 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

River View Local School District
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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

Governmental Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$22,626,926 and expenditures of \$25,228,679 for fiscal year.

The general fund's net change in fund balance for fiscal year 2019 was a decrease of \$2,367,973, which was significantly less than fiscal year 2018 net change in fund balance. The largest cause of this was a decrease in tax revenues previously discussed.

The fund balance of the food service fund decreased by \$41,285 from normal operations.

The permanent improvement fund balance decreased \$630,477 during the fiscal year. This decrease is primarily the result of an increase in improvement project expenditures paired with a decrease in property tax revenue.

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 2019, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Original Budget Compared to Final Budget During the year the School District amended its original estimated revenues, primarily to increase investment income, intergovernmental and payments in lieu of taxes. The School District also amended its original budgeted appropriations to adjust for an increase in nearly all estimated appropriations. The most significant increases were in regular and special instruction as well as pupil transportation.

Final Budget Compared to Actual Results Actual revenues were significantly lower than final estimated resources due to an overestimation of property taxes based on the changes in assessed valuation previously discussed. Actual expenditures were significantly lower than final budget appropriations as cost savings were recognized, primarily in regular and special instruction and pupil transportation.

The School District increased original estimated other financing uses for transfers out. The School District adjusted their budget when a need was recognized for additional funds in the internal service fund. There were no significant variances to discuss with other financing sources.

River View Local School District
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Capital Assets and Debt Administration

Capital Assets

Table 4 shows fiscal year 2019 balances compared with 2018.

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

	Governmental Activities	
	2019	Restated 2018
Land	\$ 404,917	\$ 404,917
Construction in Progress	0	163,870
Buildings and Improvements	5,084,243	4,927,956
Furniture and Equipment	938,205	1,066,926
Vehicles	1,585,777	1,381,454
<i>Totals</i>	<u>\$ 8,013,142</u>	<u>\$ 7,945,123</u>

See Note 8 for more information about the capital assets of the School District.

Debt

Table 5 summarizes debt outstanding. See Notes 14 and 15 for additional details.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2019	2018
School Energy Conservation Improvement Bonds	\$ 137,593	\$ 275,190
Capital Lease	13,233	35,377
<i>Total</i>	<u>\$ 150,826</u>	<u>\$ 310,567</u>

Current Issues

The School District remains strong financially at June 30, 2019; however, the five-year forecast projects significant deficit spending by fiscal year 2020. As the preceding information shows, the School District relies heavily on its local property taxpayers. The last operating levy renewed by the residents of the School District was in 2015.

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. The District has been reduced to the minimum amount of millage required by the State of Ohio for funding; however, the School District does realize some gain from reappraisals for residential and agricultural properties within the District. The tax base of the School District has become a major concern due to devaluation of the Coal-Burning Power Plant located within the School District. The Power Plant is a major tax source for the School District. In October, 2017, the School District was notified of a significant reduction in Public Utility Tax Valuation due to a ruling on an impairment filed with the Ohio Department of Taxation. In October 2018, the Power Plant announced that it will reduce operations in May 2019 and will close the Power Plant no later than May 2020. The School District estimates a loss of tax income from the closure to be \$2.2 million. The School District placed an income tax levy on the ballot in November 2019 to replace \$2 million of the loss revenue; however, it was defeated. The Board is considering placing the income tax back on the ballot in March 2020 in effort to replace the tax revenue loss. The outcome of the March income levy will determine if the Board will have to reduce services to students.

The School District has also been affected by changes in the personal property tax structure (House Bill 66) and commercial business/property uncertainties. Managing and monitoring the finances of the School District has become increasingly more difficult with House Bill 66, mandates in gifted education, rising utility costs, increased special education services required for our students, unpredictable fuel prices, mandates related to College Credit Plus and increase in health insurance and property/liability/fleet insurance costs.

The River View Local School District could see a shift in its state share index due to the change in tax valuation. The School District is waiting on confirmation from Ohio Department of Education as to the impact of the tax loss on the state share index and any reimbursement from Ohio Revised Code Section 3317.028. In the interim, the School District will continue to monitor its financial outlook. The concern with the State Funding is that, to meet the requirements of the Court and the requirements of No Child Left Behind Act now referred to as Every Student Succeeds Act, the Federal and State mandates may require redistribution of state funding based upon each district's property wealth. This could have a significant impact on the School District. How the legislature plans to fund education programs during a weakened economy remains a concern.

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

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

Contacting the School District's Financial Management

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

River View Local School District
Coshocton County, Ohio
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 7,670,270
Cash and Cash Equivalents in Segregated Accounts	1,228,661
Inventory Held For Resale	34,537
Materials and Supplies Inventory	86,491
Receivables:	
Accounts	45,357
Intergovernmental	653,286
Property Taxes	8,548,553
Revenue in Lieu of Taxes	66,051
Prepaid Items	19,750
Net OPEB Asset	1,237,881
Nondepreciable Capital Assets	404,917
Depreciable Capital Assets (Net)	7,608,225
<i>Total Assets</i>	27,603,979
 Deferred Outflows of Resources	
Pension	5,958,368
OPEB	300,322
<i>Total Deferred Outflows of Resources</i>	6,258,690
 Liabilities	
Accounts Payable	320,588
Accrued Wages and Benefits	1,394,356
Intergovernmental Payable	431,196
Matured Compensated Absences Payable	5,617
Accrued Vacation Leave Payable	71,816
Claims Payable	449,349
Long Term Liabilities:	
Due Within One Year	256,957
Due In More Than One Year:	
Net Pension Liability	22,673,161
Net OPEB Liability	2,796,284
Other Amonts Due in More Than One Year	789,884
<i>Total Liabilities</i>	29,189,208
 Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	7,885,602
Revenue in Lieu of Taxes Levied for the Next Year	66,051
Pension	2,809,607
OPEB	2,437,567
<i>Total Deferred Inflows of Resources</i>	13,198,827
 Net Position	
Net Investment in Capital Assets	7,862,316
Restricted For:	
Capital Outlay	632,473
Other Purposes	608,100
Unrestricted	(17,628,255)
<i>Total Net Position</i>	\$ (8,525,366)

See accompanying notes to the financial statements.

River View Local School District
Coshocton County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2019

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services and Sales	Operating Grants, Contributions and Interest		Capital Grants, Contributions and Interest
				Governmental Activities	
Governmental Activities					
Instruction:					
Regular	\$ 9,055,997	\$ 1,735,711	\$ 267,951	\$ 0	\$ (7,052,335)
Special	3,271,102	353,966	1,418,090	0	(1,499,046)
Vocational	212,718	0	58,579	0	(154,139)
Adult/Continuing	12,619	0	0	0	(12,619)
Student Intervention Services	1,229	0	0	0	(1,229)
Support Services:					
Pupils	814,453	20,914	9,643	0	(783,896)
Instructional Staff	482,710	3,580	109,786	0	(369,344)
Board of Education	80,232	0	0	0	(80,232)
Administration	1,580,671	0	177,317	0	(1,403,354)
Fiscal	672,010	0	0	0	(672,010)
Operation and Maintenance of Plant	2,253,228	681	12,344	1,094	(2,239,109)
Pupil Transportation	2,209,203	37,369	72,203	0	(2,099,631)
Central	628,021	0	10,800	0	(617,221)
Operation of Non-Instructional Services:					
Food Service Operations	1,112,401	307,264	684,931	0	(120,206)
Community Services	100,814	8,323	89,793	0	(2,698)
Extracurricular Activities	616,997	135,548	6,889	0	(474,560)
Debt Service:					
Interest and Fiscal Charges	11,803	0	0	0	(11,803)
Total	\$ 23,116,208	\$ 2,603,356	\$ 2,918,326	\$ 1,094	(17,593,432)

General Revenues

Property Taxes Levied for:	
General Purposes	7,682,201
Capital Outlay	375,297
Grants and Entitlements Not Restricted to Specific Programs	9,037,068
Payments in Lieu of Taxes	141,649
Insurance Recoveries	13,586
Investment Earnings	221,265
Miscellaneous	67,260
Total General Revenues	17,538,326
 <i>Change in Net Position</i>	 (55,106)
 <i>Net Position Beginning of Year - Restated (See Note 2)</i>	 (8,470,260)
<i>Net Position End of Year</i>	<u>\$ (8,525,366)</u>

See accompanying notes to the financial statements.

River View Local School District
Coshocton County, Ohio
Balance Sheet
Governmental Funds
June 30, 2019

	General	Food Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	\$ 6,531,795	\$ 176,150	\$ 807,161	\$ 155,164	\$ 7,670,270
Inventory Held For Resale	0	34,537	0	0	34,537
Materials and Supplies Inventory	86,491	0	0	0	86,491
Receivables:					
Accounts	45,357	0	0	0	45,357
Interfund	76,766	0	0	0	76,766
Intergovernmental	119,429	0	0	533,857	653,286
Property Taxes	8,148,701	0	399,852	0	8,548,553
Revenue in Lieu of Taxes	66,051	0	0	0	66,051
Prepaid Items	19,750	0	0	0	19,750
<i>Total Assets</i>	<u>\$ 15,094,340</u>	<u>\$ 210,687</u>	<u>\$ 1,207,013</u>	<u>\$ 689,021</u>	<u>\$ 17,201,061</u>
Liabilities					
Accounts Payable	\$ 88,886	\$ 2,246	\$ 205,558	\$ 23,898	\$ 320,588
Accrued Wages and Benefits	1,261,478	40,414	0	92,464	1,394,356
Intergovernmental Payable	393,336	19,645	0	18,215	431,196
Matured Compensated Absences Payable	5,617	0	0	0	5,617
Interfund Payable	0	0	0	76,766	76,766
<i>Total Liabilities</i>	<u>1,749,317</u>	<u>62,305</u>	<u>205,558</u>	<u>211,343</u>	<u>2,228,523</u>
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	7,516,216	0	369,386	0	7,885,602
Revenue in Lieu of Taxes Levied for the Next Year	66,051	0	0	0	66,051
Unavailable Revenue	476,995	0	21,225	369,412	867,632
<i>Total Deferred Inflows of Resources</i>	<u>8,059,262</u>	<u>0</u>	<u>390,611</u>	<u>369,412</u>	<u>8,819,285</u>
Fund Balances					
Nonspendable	106,241	0	0	0	106,241
Restricted	0	148,382	610,844	150,009	909,235
Committed	32,269	0	0	0	32,269
Assigned	2,435,961	0	0	0	2,435,961
Unassigned	2,711,290	0	0	(41,743)	2,669,547
<i>Total Fund Balances</i>	<u>5,285,761</u>	<u>148,382</u>	<u>610,844</u>	<u>108,266</u>	<u>6,153,253</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 15,094,340</u>	<u>\$ 210,687</u>	<u>\$ 1,207,013</u>	<u>\$ 689,021</u>	<u>\$ 17,201,061</u>

See accompanying notes to the financial statements.

River View Local School District
Coshocton County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2019

Total Governmental Fund Balances		\$ 6,153,253
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		8,013,142
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Intergovernmental	\$ 369,412	
Accounts	39,134	
Delinquent Property Taxes	459,086	867,632
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		779,312
The net pension and OPEB assets/liabilities are not due and payable in the current period; therefore, the assets/liabilities and related deferred inflows/outflows are not reported in the funds.		
Net OPEB Asset	1,237,881	
Deferred Outflows - Pension	5,958,368	
Deferred Outflows - OPEB	300,322	
Net Pension Liability	(22,673,161)	
Net OPEB Liability	(2,796,284)	
Deferred Inflows - Pension	(2,809,607)	
Deferred Inflows - OPEB	(2,437,567)	(23,220,048)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
School Energy Conservation Improvement Bonds	(137,593)	
Capital Lease Obligation	(13,233)	
Vacations Payable	(71,816)	
Compensated Absences	(896,015)	(1,118,657)
<i>Net Position of Governmental Activities</i>		<u>\$ (8,525,366)</u>

See accompanying notes to the financial statements.

River View Local School District
Coshocton County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General	Food Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Local Taxes	\$ 7,419,978	\$ 0	\$ 362,647	\$ 0	\$ 7,782,625
Intergovernmental	9,801,653	684,363	32,750	1,284,421	11,803,187
Investment Income	203,992	2,086	0	512	206,590
Tuition and Fees	2,055,591	0	0	3,000	2,058,591
Extracurricular Activities	77,436	0	0	113,630	191,066
Rentals	2,307	0	0	0	2,307
Charges for Services	43,447	307,945	0	0	351,392
Contributions and Donations	26,883	0	1,094	34,816	62,793
Revenue in Lieu of Taxes	141,649	0	0	0	141,649
Miscellaneous	18,897	7,829	0	0	26,726
<i>Total Revenues</i>	<u>19,791,833</u>	<u>1,002,223</u>	<u>396,491</u>	<u>1,436,379</u>	<u>22,626,926</u>
Expenditures					
Current:					
Instruction:					
Regular	9,914,141	0	99	263,695	10,177,935
Special	2,994,472	0	0	654,162	3,648,634
Vocational	279,950	0	0	7,723	287,673
Adult/Continuing	12,619	0	0	0	12,619
Support Services:					
Pupils	878,084	0	0	9,172	887,256
Instructional Staff	417,421	0	0	103,269	520,690
Board of Education	79,925	0	0	0	79,925
Administration	1,629,283	0	0	175,012	1,804,295
Fiscal	626,294	0	10,199	0	636,493
Operation and Maintenance of Plant	1,948,817	2,288	475,906	10,681	2,437,692
Pupil Transportation	2,036,895	0	272,000	0	2,308,895
Central	373,512	0	246,372	13,705	633,589
Extracurricular Activities	349,985	0	0	117,919	467,904
Operation of Non-Instructional Services:					
Food Service Operations	0	1,041,220	11,960	0	1,053,180
Community Services	11,850	0	0	78,073	89,923
Capital Outlay	0	0	10,432	0	10,432
Debt Service:					
Principal Retirement	159,741	0	0	0	159,741
Interest and Fiscal Charges	11,803	0	0	0	11,803
<i>Total Expenditures</i>	<u>21,724,792</u>	<u>1,043,508</u>	<u>1,026,968</u>	<u>1,433,411</u>	<u>25,228,679</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,932,959)</u>	<u>(41,285)</u>	<u>(630,477)</u>	<u>2,968</u>	<u>(2,601,753)</u>
Other Financing Sources (Uses)					
Proceeds from Sale of Assets	1,400	0	0	0	1,400
Insurance Recoveries	13,586	0	0	0	13,586
Transfers Out	(450,000)	0	0	0	(450,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(435,014)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(435,014)</u>
<i>Net Change in Fund Balance</i>	<u>(2,367,973)</u>	<u>(41,285)</u>	<u>(630,477)</u>	<u>2,968</u>	<u>(3,036,767)</u>
<i>Fund Balances Beginning of Year</i>	<u>7,653,734</u>	<u>189,667</u>	<u>1,241,321</u>	<u>105,298</u>	<u>9,190,020</u>
<i>Fund Balances End of Year</i>	<u>\$ 5,285,761</u>	<u>\$ 148,382</u>	<u>\$ 610,844</u>	<u>\$ 108,266</u>	<u>\$ 6,153,253</u>

See accompanying notes to the financial statements.

River View Local School District
Coshocton County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds	\$	(3,036,767)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 901,544	
Current Year Depreciation	<u>(818,193)</u>	83,351
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(15,332)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	274,873	
Miscellaneous	39,134	
Intergovernmental	<u>87,910</u>	401,917
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
School Energy Conservation Improvement Bonds	137,597	
Capital Leases	<u>22,144</u>	159,741
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,720,126	
OPEB	<u>75,229</u>	1,795,355
Except for amount reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,651,439)	
OPEB	<u>2,636,479</u>	985,040
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among governmental activities.		
		(497,440)
Some expenses reported in the statement of activities do not require the use of the current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	65,910	
Vacations Payable	<u>3,119</u>	69,029
<i>Change in Net Position of Governmental Activities</i>	<u>\$</u>	<u>(55,106)</u>

See accompanying notes to the financial statements.

River View Local School District
Coshocton County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$ 9,055,050	\$ 9,059,436	\$ 8,047,735	\$ (1,011,701)
Intergovernmental	9,516,210	9,622,365	9,621,795	(570)
Investment Income	65,500	181,123	186,174	5,051
Tuition and Fees	2,240,022	2,281,961	2,034,535	(247,426)
Extracurricular Activities	49,000	49,945	46,875	(3,070)
Rentals	1,812	3,083	2,595	(488)
Charges for Services	20,000	45,000	41,714	(3,286)
Contributions and Donations	200	19,762	19,613	(149)
Payments in Lieu of Taxes	18,746	141,649	141,649	0
Miscellaneous	10,080	20,272	6,770	(13,502)
<i>Total Revenues</i>	<u>20,976,620</u>	<u>21,424,596</u>	<u>20,149,455</u>	<u>(1,275,141)</u>
Expenditures				
Current:				
Instruction:				
Regular	9,914,200	10,654,020	9,942,993	711,027
Special	3,233,066	3,456,443	2,995,714	460,729
Vocational	415,761	415,157	306,582	108,575
Adult/Continuing	13,310	13,361	12,617	744
Student Intervention Services	3,362	3,362	0	3,362
Support Services:				
Pupils	881,001	970,718	839,692	131,026
Instructional Staff	576,562	653,975	422,638	231,337
Board of Education	112,158	153,162	125,463	27,699
Administration	1,621,835	1,712,273	1,658,205	54,068
Fiscal	755,391	806,525	653,715	152,810
Operation and Maintenance of Plant	2,150,863	2,234,827	2,052,716	182,111
Pupil Transportation	2,021,616	2,363,439	2,083,725	279,714
Central	461,274	522,609	377,399	145,210
Extracurricular Activities	336,713	352,998	314,820	38,178
Operation of Non-Instructional Services:				
Capital Outlay	4,500	4,500	0	4,500
Debt Service:				
Principal Retirement	137,597	137,597	137,597	0
Interest and Fiscal Charges	9,000	9,644	9,644	0
<i>Total Expenditures</i>	<u>22,648,209</u>	<u>24,464,610</u>	<u>21,933,520</u>	<u>2,531,090</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,671,589)</u>	<u>(3,040,014)</u>	<u>(1,784,065)</u>	<u>1,255,949</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	1,500	1,400	(100)
Insurance Recoveries	5,000	8,275	13,586	5,311
Refund of Prior Year Expenditures	115,000	157,185	117,619	(39,566)
Refund of Prior Year Receipts	(8,000)	(47,565)	(1,383)	46,182
Advances In	0	0	36,289	36,289
Advances Out	0	0	(76,707)	(76,707)
Transfers Out	0	(450,000)	(450,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>112,000</u>	<u>(330,605)</u>	<u>(359,196)</u>	<u>(28,591)</u>
<i>Net Change in Fund Balance</i>	(1,559,589)	(3,370,619)	(2,143,261)	1,227,358
<i>Fund Balance Beginning of Year</i>	7,919,904	7,919,904	7,919,904	0
<i>Prior Year Encumbrances Appropriated</i>	316,017	316,017	316,017	0
<i>Fund Balance End of Year</i>	<u>\$ 6,676,332</u>	<u>\$ 4,865,302</u>	<u>\$ 6,092,660</u>	<u>\$ 1,227,358</u>

See accompanying notes to the financial statements.

River View Local School District
Coshocton County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Food Service Fund
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 558,824	\$ 696,029	\$ 695,873	\$ (156)
Investment Income	0	2,500	2,086	(414)
Charges for Services	327,792	348,890	308,355	(40,535)
Miscellaneous	0	37	37	0
<i>Total Revenues</i>	<u>886,616</u>	<u>1,047,456</u>	<u>1,006,351</u>	<u>(41,105)</u>
Expenditures				
Current:				
Support Services:				
Operation and Maintenance of Plant	3,649	5,748	2,288	3,460
Operation of Non-Instructional Services:				
Food Service Operations	1,109,281	1,129,015	1,042,147	86,868
<i>Total Expenditures</i>	<u>1,112,930</u>	<u>1,134,763</u>	<u>1,044,435</u>	<u>90,328</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(226,314)</u>	<u>(87,307)</u>	<u>(38,084)</u>	<u>49,223</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	0	7,792	7,792	0
<i>Net Change in Fund Balance</i>	(226,314)	(79,515)	(30,292)	49,223
<i>Fund Balance Beginning of Year</i>	146,847	146,847	146,847	0
Prior Year Encumbrances Appropriated	48,037	48,037	48,037	0
<i>Fund Balance End of Year</i>	<u>\$ (31,430)</u>	<u>\$ 115,369</u>	<u>\$ 164,592</u>	<u>\$ 49,223</u>

See accompanying notes to the financial statements.

River View Local School District
Coshocton County, Ohio
Statement of Fund Net Position
Proprietary Fund
June 30, 2019

	Governmental Activities - Internal Service Fund
Assets	
<i>Current Assets</i>	
Cash and Cash Equivalents in Segregated Accounts	\$ 1,228,661
Liabilities	
<i>Current Liabilities</i>	
Claims Payable	449,349
Net Position	
Unrestricted	\$ 779,312

See accompanying notes to the financial statements.

River View Local School District
Coshocton County, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for Services	\$ 4,300,304
Operating Expenses	
Purchased Services	768,579
Claims	4,496,438
<i>Total Operating Expenses</i>	<i>5,265,017</i>
<i>Operating Loss</i>	<i>(964,713)</i>
Non-Operating Revenues	
Interest	17,273
<i>Loss Before Transfers</i>	<i>(947,440)</i>
Transfers In	450,000
<i>Change in Net Position</i>	<i>(497,440)</i>
<i>Net Position Beginning of Year</i>	<i>1,276,752</i>
<i>Net Position End of Year</i>	<i>\$ 779,312</i>

See accompanying notes to the financial statements.

River View Local School District
Coshocton County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	<u>Governmental Activities - Internal Service Fund</u>
Cash Flows From Operating Activities	
Cash Received from Interfund Services	\$ 4,300,304
Cash Paid for Goods and Services	(768,579)
Cash Paid for Claims	(4,393,240)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(861,515)</u>
 Cash Flows From Non-Capital Financing Activities	
Transfers from Other Funds	<u>450,000</u>
 Cash Flows From Investing Activities	
Interest on Investments	<u>17,273</u>
 <i>Net Increase in Cash and Cash Equivalents</i>	(394,242)
 <i>Cash and Cash Equivalents, Beginning of Year</i>	<u>1,622,903</u>
 <i>Cash and Cash Equivalents, End of Year</i>	<u>\$ 1,228,661</u>
 Reconciliation of Operating Loss to Net Cash Provided By (Used For) Operating Activities	
Operating Loss	\$ (964,713)
Adjustments:	
Increase (Decrease) in Liabilities:	
Claims Payable	<u>103,198</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ (861,515)</u>

See accompanying notes to the financial statements.

River View Local School District
Coshocton County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Investments	\$ 36,429	\$ 96,603
Liabilities		
Accounts Payable	0	\$ 6,889
Undistributed Monies	0	31,925
Due to Students	0	57,789
<i>Total Liabilities</i>	0	\$ 96,603
Net Position		
Held in Trust for Scholarships	\$ 36,429	

See accompanying notes to the financial statements.

River View Local School District
Coshocton County, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2019

	Private Purpose Trust
Additions	
Gifts and Donations	\$ 5,314
Investment Earnings	378
	5,692
 Deductions	
Payments in Accordance with Trust Agreements	2,700
	2,992
<i>Change in Net Position</i>	<i>2,992</i>
<i>Net Position Beginning of Year</i>	<i>33,437</i>
	<i>33,437</i>
<i>Net Position End of Year</i>	<i>\$ 36,429</i>
	<i>\$ 36,429</i>

See accompanying notes to the financial statements.

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River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

The River View Local School District (the School District) was formed on January 8, 1962, with the consolidation of the Three Rivers Local, Union Local, and Warsaw Local School Districts. The combined high school, River View Local High School, was built in 1965, with the first class graduating in 1966.

The River View Local School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by State and Federal agencies.

Reporting Entity

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

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

The School District is involved with the Ohio Mid-Eastern Regional Educational Service Agency and the Coshocton County Career Center which are defined as jointly governed organizations. Additional information concerning these organizations is presented in Note 16 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

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

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

B. Fund Accounting

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

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

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

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

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Permanent Improvement Fund – The permanent improvement fund receives property taxes for acquisition, construction or improvement of capital facilities. The permanent improvement fund balance is available to the School District for transportation, technology and building maintenance.

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.

Proprietary Funds - Proprietary funds focus on the determination of changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The School District's only proprietary fund is an internal service fund.

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

Fiduciary Funds - Fiduciary fund reporting focuses on net 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. The School District's only trust fund is a private purpose trust which accounts for college scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for student activities and Ohio High School Athletic Association tournaments.

C. Measurement Focus

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of this fund are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (i.e., revenues) and decreases (i.e., expenses) in net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its internal service fund.

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

D. Basis of Accounting

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

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

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide Statement of Net Position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes, grants and entitlements and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide Statement of Net Position. (See Notes 12 and 13).

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

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

E. Budgetary Process

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

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

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

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

F. Cash and Investments

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

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

During the year 2019, the School District invested in STAR Ohio and negotiable certificates of deposit. 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 2019, 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 \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

The School District has segregated bank accounts for monies held separate from the School District’s central bank account. This interest bearing depository account is presented as “cash and cash equivalents in segregated accounts” since they are not required to be deposited into the School District’s treasury.

Following Ohio statues, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2019 amounted to \$203,992, which includes \$55,626 assigned from other School District funds.

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

G. Inventory

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

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

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

H. Prepaids

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	10-80 Years
Furniture and Equipment	5-20 Years
Vehicles	10 Years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the Statement of Net Position.

K. Compensated Absences

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

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

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured compensated absences payable” in the funds from which the employee will be paid.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

M. Pensions and Other Postemployment Benefits (OPEB)

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

N. Interfund Activity

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

O. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include instructional activities and grants.

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

P. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category 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” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District 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.

Assigned – Amounts in the assigned fund balance 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 policies of the School District 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.

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 applies restricted resources first when expenditures are 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 could be used.

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Q. Operating Revenues and Expenses

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2019.

S. Estimates

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

T. Implementation of New Accounting Principles

For the fiscal year ended June 30, 2019, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations* and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the School District.

GASB Statement No. 88 establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. These changes were incorporated in the School District's fiscal year 2019 financial statements; however, there was no effect on beginning net position/fund balance.

U. Restatement of Net Position

The School District had a reappraisal of capital assets performed during the fiscal year. The reappraisal had the following effect on the beginning net position:

Net Position, June 30, 2018	\$ (10,632,490)
Adjustments:	
Nondepreciable Capital Assets	(73,742)
Depreciable Capital Assets	<u>2,235,972</u>
Restated Net Position, July 1, 2018	<u>\$ (8,470,260)</u>

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 3 – FUND DEFICITS

Fund balances at June 30, 2019 included the following individual fund deficits:

	<u>Deficit</u>
<i>Non-Major Governmental Funds:</i>	
Public School Preschool	\$ 10,399
IDEA, Part B	10,430
Title I	3,685
Miscellaneous Federal Grant	17,229

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

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

- 1) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- 2) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- 3) Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).
- 4) Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

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

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Net Change in Fund Balance

	General	Food Service
GAAP Basis	\$ (2,367,973)	\$ (41,285)
Net Adjustment for Revenue Accruals	580,666	11,920
Net Adjustment for Expenditure Accruals	26,508	10,625
Funds Budgeted Elsewhere	4,578	0
Adjustment for Encumbrances	(387,040)	(11,552)
Budget Basis	\$ (2,143,261)	\$ (30,292)

** As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies, public school support, and underground storage tank funds.

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

River View Local School District
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Interim monies to be deposited or invested in the following securities:

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

River View Local School District
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Deposits - At year-end, the School District's bank balance of \$7,343,326 was either covered by FDIC and through the Ohio Pooled Collateral System.

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2019, the School District had the following investments and maturities:

Rating	Investment Type	Measurement Amount	Investment Maturity in Months		Percent of Total
			12 Months or Less	12 to 36 Months	
	Net Asset Value (NAV):				
AAAm	STAR Ohio	\$ 615,984	\$ 615,984	\$ 0	33.93%
	Fair Value:				
N/A	Negotiable Certificates of Deposit	1,199,323	501,802	697,521	66.07%
	Total	<u>\$ 1,815,307</u>	<u>\$ 1,117,786</u>	<u>\$ 697,521</u>	<u>100.00%</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2019. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

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

Credit Risk. 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, 2019, is 53 days.

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 State Statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk. The School District places no limit on the amount that may be invested in any one issuer. The preceding table includes the percentage to total of each investment type held by the School District at June 30, 2019.

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 2019 represents collections of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed value listed as of January 1, 2018, 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 2019 represents collections of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien December 31, 2017, were levied after April 1, 2018 and are collected in 2019 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 Coshocton, Licking and Muskingum 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, 2019, are available to finance fiscal year 2019 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

River View Local School District
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For the Fiscal Year Ended June 30, 2019

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2019, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow of resources.

The assessed values upon which the fiscal year 2019 taxes were collected are:

	2018 Second-Half Collections		2019 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 331,926,197	81%	\$ 340,541,391	83%
Public Utility Personal Property	77,353,440	19%	68,264,300	17%
Total Assessed Value	\$ 409,279,637	100%	\$ 408,805,691	100%
Tax rate per \$1,000 of assessed value	\$ 31.30		\$ 31.30	

NOTE 7 – RECEIVABLES

Receivables at June 30, 2019, consisted of taxes, revenue in lieu of taxes, accounts (billings for user charged services and student fees), interfund and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of the state programs, and the current fiscal year guarantee of federal funds.

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River View Local School District
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NOTE 8 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Restated Balance 06/30/2018	Additions	Deletions	Balance 6/30/2019
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 404,917	\$ 0	\$ 0	\$ 404,917
Construction in Progress	163,870	397,101	(560,971)	0
<i>Total Capital Assets Not Being Depreciated</i>	<u>568,787</u>	<u>397,101</u>	<u>(560,971)</u>	<u>404,917</u>
Capital Assets Being Depreciated				
Building and Improvements	14,488,839	560,971	0	15,049,810
Furniture and Equipment	4,428,519	52,708	0	4,481,227
Vehicles	3,473,793	451,735	(54,169)	3,871,359
<i>Total Capital Assets, Being Depreciated</i>	<u>22,391,151</u>	<u>1,065,414</u>	<u>(54,169)</u>	<u>23,402,396</u>
Less: Accumulated Depreciation				
Building and Improvements	(9,560,883)	(404,684)	0	(9,965,567)
Furniture and Equipment	(3,361,593)	(181,429)	0	(3,543,022)
Vehicles	(2,092,339)	(232,080)	38,837	(2,285,582)
<i>Total Accumulated Depreciation</i>	<u>(15,014,815)</u>	<u>(818,193) *</u>	<u>38,837</u>	<u>(15,794,171)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>7,376,336</u>	<u>247,221</u>	<u>(15,332)</u>	<u>7,608,225</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 7,945,123</u>	<u>\$ 644,322</u>	<u>\$ (576,303)</u>	<u>\$ 8,013,142</u>

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River View Local School District
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*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 183,927
Special	6,455
Vocational	11,422
Student Intervention	1,229
Support Services:	
Pupils	6,477
Instructional Staff	26,355
Board of Education	307
Administration	25,353
Fiscal	2,862
Operation and Maintenance of Plant	110,642
Pupil Transportation	232,804
Central	1,688
Operation of Non-Instructional Services:	
Food Service Operations	31,560
Community Service	10,891
Extracurricular Activities	166,221
Total Depreciation Expense	\$ 818,193

NOTE 9 – INTERFUND ACTIVITY

A. Interfund Balances

Interfund balances at June 30, 2019, consist of the following:

	Interfund Receivable	Interfund Payable
General	\$ 76,766	\$ 0
Non-Major Governmental Funds:		
Public School Preschool	0	9,152
Fifth Quarter Grant	0	7,273
IDEA, Part B	0	38,268
Title I	0	17,741
IDEA Preschool	0	352
Improving Teacher Quality	0	2,896
Miscellaneous Federal Grants	0	1,084
Total	\$ 76,766	\$ 76,766

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

B. Interfund Transfers

Transfers made during fiscal year 2019 were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 0	\$ 450,000
Internal Service Fund	450,000	0
	\$ 450,000	\$ 450,000
Total	\$ 450,000	\$ 450,000

The general fund transferred \$450,000 to the internal service fund to provide additional resources for current operations.

NOTE 10 – RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2019, the School District has insurance with Markel Insurance Company.

Commercial property liability insurance carries a blanket limit of \$70,228,905 with a \$1,000 deductible. Business auto coverage provides a \$1,000,000 combined single limit liability for collision and comprehensive.

Professional and general liability is covered through Markel Insurance with a \$1,000,000 per occurrence limit, a \$2,000,000 per year aggregate.

The District also has excess liability with a \$2,000,000 limit.

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

B. Other Employee Benefits

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

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The School District has elected to provide dental, medical, and prescription drug coverage benefits through a self-insurance program. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a dental plan with a \$72 family and \$29 single premium, a medical plan with a \$1,683 family and \$601 single premium, and a four-tier prescription plan with a \$0 generic premium, \$10 upper generic, \$30 formulary, or 25 percent of the cost with a maximum of \$50 for the non-formulary premium. The monthly premium coverage for this prescription plan is \$206 family and \$85 single premium. The School District has negotiated with its employees to pay a portion of their medical insurance premiums. The School District is responsible for payment of all medical, prescription and dental claim amounts in excess of the employee payment percentages established in the Plan document. The Board also provides single vision coverage through VSP to all full-time employees, with a premium of \$11, and the option to purchase additional coverage. The premium for this plan is \$11 for spouse, \$12 for children and \$26 for family coverage.

The School District is a member of the Ohio PPO Connect network through AultCare with Aultra Administrative Group as the third party administrator.

The claims liability of \$449,349 reported in the internal service fund at June 30, 2019 is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be reported. Changes in the fund's claims liability amount for 2018 and 2019 were:

		Balance at Beginning of Year	Claims	Payments	Balance at End of Year
2018	\$	308,609	\$ 3,534,759	\$ 3,497,217	\$ 346,151
2019	\$	346,151	\$ 4,496,438	\$ 4,393,240	\$ 449,349

NOTE 11 – EMPLOYEE BENEFITS

A. *Compensated Absences*

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

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

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

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B. Life Insurance

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

C. Retirement Incentive

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

NOTE 12 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. 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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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.

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The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a statewide, 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.

Age and service requirements for retirement are as follows:

	Eligible to Retire before August 1, 2017*	Eligible to Retire on or after August 1, 2017
Full Benefits	Age 65 with at least 5 years of creditable service,; or 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.

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, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. SERS allocated 0.5 percent of employer contributions to the Health Care Fund for fiscal year 2019.

The School District’s contractually required contribution to SERS was \$456,011 for fiscal year 2019. Of this amount, \$26,086 is reported as an intergovernmental payable.

River View Local School District
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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.

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. For the DB Plan, from August 1, 2015–July 1, 2017, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 26 years of service credit and age 55; or (3) 31 years of service credit regardless of age. Effective August 1, 2017–July 1, 2019, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in through 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. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

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. Effective July 1, 2017, employer contributions of 9.53 percent are placed in the investment accounts and the remaining 4.47 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, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying one percent of the member’s final average salary by the member’s years of service credit. 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 DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50 and termination of employment.

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.

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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, 2019, 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 2019 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$1,264,115 for fiscal year 2019. Of this amount, \$210,960 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2018, 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 was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.10013300%	0.07703542%	
Prior Measurement Date	<u>0.09826550%</u>	<u>0.08004287%</u>	
Change in Proportionate Share	<u>0.00186750%</u>	<u>-0.00300745%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 5,734,802	\$ 16,938,359	\$ 22,673,161
Pension Expense	\$ 528,848	\$ 1,122,591	\$ 1,651,439

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School District's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

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At June 30, 2019 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and			
Actual Experience	\$ 314,518	\$ 390,991	\$ 705,509
Changes of Assumptions	129,504	3,001,796	3,131,300
Changes in Proportion and Differences between			
School District Contributions and Proportionate			
Share of Contributions	127,778	273,655	401,433
School District Contributions Subsequent to the			
Measurement Date	456,011	1,264,115	1,720,126
Total Deferred Outflows of Resources	<u>\$ 1,027,811</u>	<u>\$ 4,930,557</u>	<u>\$ 5,958,368</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ 0	\$ 110,617	\$ 110,617
Net Difference between Projected and			
Actual Earnings on Pension Plan Investments	158,895	1,027,121	1,186,016
Changes in Proportion and Differences between			
School District Contributions and Proportionate			
Share of Contributions	52,991	1,459,983	1,512,974
Total Deferred Inflows of Resources	<u>\$ 211,886</u>	<u>\$ 2,597,721</u>	<u>\$ 2,809,607</u>

\$1,720,126 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2020	\$ 495,168	\$ 948,194	\$ 1,443,362
2021	101,680	724,009	825,689
2022	(188,201)	(262,291)	(450,492)
2023	(48,733)	(341,191)	(389,924)
	<u>\$ 359,914</u>	<u>\$ 1,068,721</u>	<u>\$ 1,428,635</u>

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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 terminations). 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, 2018, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
COLA or Ad Hoc COLA	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement.

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 asset allocation, as used in the June 30, 2015 five-year experience study, is summarized as follows:

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Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	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
Total	100.00 %	

Discount Rate 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 that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26-year amortization period of the unfunded actuarial accrued liability. 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 the School District'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.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 8,077,902	\$ 5,734,802	\$ 3,770,271

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Projected Payroll Growth	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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Post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016; pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions used in the July 1, 2018 valuation, were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	<u>1.00</u>	2.25
Total	<u><u>100.00</u></u> %	

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are 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, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

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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, 2018, calculated using the current period discount rate assumption of 7.45 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 (6.45 percent) or one-percentage-point higher (8.45 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 24,736,244	\$ 16,938,359	\$ 10,338,508

NOTE 13 – DEFINED BENEFIT OPEB PLANS

Net OPEB Asset/Liability

The net OPEB asset/liability reported on the statement of net position represents an asset or liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB asset/liability represents the School District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB asset/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 these estimates 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 OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the asset/liability is solely that of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees, which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB asset/liability. Resulting adjustments to the net OPEB asset/liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB asset/liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

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Plan Description - School Employees Retirement System (SERS)

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 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. 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. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the School District's surcharge obligation was \$58,340.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$75,229 for fiscal year 2019. Of this amount \$59,306 is reported as an intergovernmental payable.

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Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered 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 partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. 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 to offer the Plan and gives the Retirement Board discretionary 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. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

OPEB Assets/Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB asset/liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB asset/liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB asset/liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.10079350%	0.07703542%	
Prior Measurement Date	0.09950210%	0.08004287%	
Change in Proportionate Share	0.00129140%	-0.00300745%	
Proportionate Share of the Net			
OPEB Liability/(Asset)	\$ 2,796,284	\$ (1,237,881)	\$ 1,558,403
OPEB Expense	\$ 97,772	\$ (2,734,251)	\$ (2,636,479)

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At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 45,645	\$ 144,587	\$ 190,232
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	34,861	0	34,861
School District Contributions Subsequent to the Measurement Date	<u>75,229</u>	<u>0</u>	<u>75,229</u>
Total Deferred Outflows of Resources	<u>\$ 155,735</u>	<u>\$ 144,587</u>	<u>\$ 300,322</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 0	\$ 72,123	\$ 72,123
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	4,195	141,417	145,612
Changes of Assumptions	251,226	1,686,712	1,937,938
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	<u>17,433</u>	<u>264,461</u>	<u>281,894</u>
Total Deferred Inflows of Resources	<u>\$ 272,854</u>	<u>\$ 2,164,713</u>	<u>\$ 2,437,567</u>

\$75,229 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	\$ (105,705)	\$ (363,650)	\$ (469,355)
2021	(81,005)	(363,650)	(444,655)
2022	(2,793)	(363,650)	(366,443)
2023	(1,010)	(331,531)	(332,541)
2024	(1,299)	(320,267)	(321,566)
Thereafter	<u>(536)</u>	<u>(277,378)</u>	<u>(277,914)</u>
	<u>\$ (192,348)</u>	<u>\$ (2,020,126)</u>	<u>\$ (2,212,474)</u>

Actuarial Assumptions - SERS

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018. The actuarial assumptions used in the valuation are based on results from the most recent actuarial experience study, which covered the five-year period ending June 30, 2015. The experience study report is dated April 2016.

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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.

The total OPEB liability used the following assumptions and other inputs:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate	
Measurement Date	3.70 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.63 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Medicare	5.375 percent - 4.75 percent
Pre-Medicare	7.25 percent - 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The long-term expected rate of return on plan factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

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Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	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
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2026. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2025 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62 percent, as of June 30, 2018 (i.e., municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.70 percent) and higher (4.70 percent) than the current discount rate (3.70 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percent lower (6.25 percent decreasing to 3.75 percent) and one percent higher (8.25 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 3,393,071	\$ 2,796,284	\$ 2,323,741
		Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 2,256,088	\$ 2,796,284	\$ 3,511,600

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Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018, actuarial valuation are presented below:

Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Payroll Increases	3.00 percent	
Discount rate of return	7.45 percent	
Health care cost trends	Initial	Ultimate
Medical		
Pre-Medicare	6.00 percent	4.00 percent
Medicare	5.00 percent	4.00 percent
Prescription drug		
Pre-Medicare	8.00 percent	4.00 percent
Medicare	-5.23 percent	4.00 percent

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	<u>1.00</u>	2.25
Total	<u><u>100.00</u></u> %	

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*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Assumption Changes Since the Prior Measurement Date - The discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

Benefit Term Changes Since the Prior Measurement Date - The subsidy multiplier for non-Medicare benefit recipients was increased from 1.90 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2018.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset/Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset/liability as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset/liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB liability as of June 30, 2018, calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (1,060,980)	\$ (1,237,881)	\$ (1,386,557)
		<u>Current Trend Rate</u>	
	<u>1% Decrease</u>	<u>1% Increase</u>	
School District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (1,378,164)	\$ (1,237,881)	\$ (1,095,411)

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Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during the fiscal year 2019 were as follows:

	Outstanding 06/30/2018	Additions	Reductions	Outstanding 6/30/2019	Due Within One Year
Governmental Activities					
<i>Direct Borrowing</i>					
School Energy Conservation Improvement Bonds	\$ 275,190	\$ 0	\$ (137,597)	\$ 137,593	\$ 137,593
<i>Net Pension and Net OPEB Liability</i>					
Pension	24,885,502	0	(2,212,341)	22,673,161	0
OPEB	5,793,352	0	(2,997,068)	2,796,284	0
<i>Total Net Pension and Net OPEB Liability</i>	<u>30,678,854</u>	<u>0</u>	<u>(5,209,409)</u>	<u>25,469,445</u>	<u>0</u>
<i>Other Long-Term Obligations</i>					
Compensated Absences	961,925	69,823	(135,733)	896,015	106,131
Capital Leases	35,377	0	(22,144)	13,233	13,233
<i>Total Other Long-Term Obligations</i>	<u>997,302</u>	<u>69,823</u>	<u>(157,877)</u>	<u>909,248</u>	<u>119,364</u>
<i>Total Governmental Activities Long-Term Obligations</i>	<u>\$ 31,951,346</u>	<u>\$ 69,823</u>	<u>\$ (5,504,883)</u>	<u>\$ 26,516,286</u>	<u>\$ 256,957</u>

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

The compensated absences will be paid from the general and food service funds. Capital leases will be paid from the general fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 12 and 13. The following is a summary of the School District's annual debt service principal and interest payments regarding the outstanding direct borrowing debt.

		School Energy Conservation Improvement Bonds		
		Principal	Interest	Total
Year Ending June 30,	2020	\$ 137,593	\$ 3,227	\$ 140,820

NOTE 15 – CAPITAL LEASES

In prior years, the School District entered into a lease for the acquisition of copiers. This lease meets the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

A new lease was entered into with Wells Fargo during fiscal year 2015 for new copiers throughout the School District. The assets acquired by this lease have been capitalized in the amount of \$106,112, which is equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation was \$95,501 as of June 30, 2019, leaving a current book value of \$10,611.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2019:

	Capital Leases
Fiscal Year Ending June 30, 2020	\$ 13,370
Less: Amount Representing Interest	<u>(137)</u>
Present Value of Minimum Lease Payments	<u>\$ 13,233</u>

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS

A. Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA)

The Ohio Mid Eastern Regional Educational Service Agency (OME-RESA) is jointly governed organization created as a regional council of governments pursuant to State statues. OME-RESA provides financial accounting services, and educational management information system, cooperative purchased services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Monroe, Muskingum, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District’s continued participation and no equity interest exists. OME-RESA has no outstanding debt. The School District paid \$125,604 to OME-RESA during fiscal year 2019 for services. To obtain financial information write to the Treasurer, Ohio Mid-Eastern Regional Educational Service Agency, 2230 Sunset Boulevard, Suite 2, Steubenville, OH 43952.

B. Coshocton County Career Center

Coshocton County Career Center (Career Center) is a jointly governed organization providing vocational services to its three member school districts. The Career Center is governed by a five-member board of education of which two members are appointed by the River View Local School District, two members are appointed by the Coshocton City School District and one member is appointed by the Ridgewood Local School District. The board controls the financial activity of the Career Center. The Career Center receives no direct funding from the member school districts. The continued existence of the Career Center is not dependent on the School District’s continued participation and no equity interest exists. The School District paid \$3,505 to the Career Center in 2019.

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 17 – SET ASIDES

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

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

	Capital Improvements
Set-aside Restricted Balance June 30, 2018	\$ 0
Current Year Set-aside Requirement	356,284
Current Year Offsets	(427,581)
Totals	\$ (71,297)
Balance Carried Forward to Fiscal Year 2020	\$ 0
Set-aside Restricted Balance June 30, 2019	\$ 0

The School District had qualifying disbursements and offset credits during the fiscal year that reduced the capital acquisition set-aside below zero. This amount may not be carried forward to reduce the set-aside requirement for future years.

NOTE 18 - 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, 2019, 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.

C. School District Funding

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2019 have been finalized. The impact of the FTE adjustments resulted in an immaterial receivable to the School District.

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 19 – COMMITMENTS

Encumbrance Commitments

Outstanding encumbrances for governmental funds include \$211,256 for the general fund, \$90,923 in the permanent improvement fund, \$9,306 in the food service fund and \$39,197 in non-major governmental funds.

NOTE 20 – FUND BALANCE

Fund balance can be 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 as follows:

	General	Food Service	Permanent Improvement	Other Governmental Funds	Total
Nonspendable for:					
Materials and Supplies Inventory	\$ 86,491	\$ 0	\$ 0	\$ 0	\$ 86,491
Prepaid Items	19,750	0	0	0	19,750
Total Nonspendable	<u>106,241</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>106,241</u>
Restricted for:					
Capital Outlay	0	0	610,844	404	611,248
Food Service	0	148,382	0	0	148,382
State Funded Programs	0	0	0	117,474	117,474
Federally Funded Programs	0	0	0	17,712	17,712
Other Purposes	0	0	0	14,419	14,419
Total Restricted	<u>0</u>	<u>148,382</u>	<u>610,844</u>	<u>150,009</u>	<u>909,235</u>
Committed for:					
Underground Storage Tank	11,000	0	0	0	11,000
Bus Reimbursement	21,269	0	0	0	21,269
Total Committed	<u>32,269</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,269</u>
Assigned for:					
Encumbrances:					
Instruction	28,717	0	0	0	28,717
Support Services	182,254	0	0	0	182,254
Subsequent Appropriations	2,188,339	0	0	0	2,188,339
Other Purposes	36,651	0	0	0	36,651
Total Assigned	<u>2,435,961</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,435,961</u>
Unassigned	2,711,290	0	0	(41,743)	2,669,547
<i>Total Fund Balance</i>	<u>\$ 5,285,761</u>	<u>\$ 148,382</u>	<u>\$ 610,844</u>	<u>\$ 108,266</u>	<u>\$ 6,153,253</u>

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 21 – TAX ABATEMENTS

Under the authority of Ohio Revised Code Section 5709.63, the Board of County Commissioners, with the consent of the legislative authority of each affected Township and Municipal Corporation, may designate enterprise zones. An Enterprise Zone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. The local legislative authority, in conjunction with the Coshocton Port Authority negotiates the terms of the Enterprise Zone Agreement (the “Agreement”) with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. Once the Department of Taxation approves the agreement, the amount of the abatement is deducted from the business’s property tax bill by removing the valuation from the taxable parcel and listing the associated assessed value on the exempt tax list. Coshocton County has jointly entered into agreements with the City of Coshocton to abate property taxes through this program.

The School District’s property taxes were reduced by \$88,803 in fiscal year 2019 under various Enterprise Zone tax abatement agreements entered into by Coshocton County and the City of Coshocton.

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River View Local School District
Coshocton County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Six Fiscal Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>School Employees Retirement System (SERS)</i>						
School District's Proportion of the Net Pension Liability	0.10013300%	0.09826550%	0.10022290%	0.09467910%	0.09560700%	0.09560700%
School District's Proportionate Share of the Net Pension Liability	\$ 5,734,802	\$ 5,871,147	\$ 7,335,392	\$ 5,402,481	\$ 4,838,616	\$ 5,685,441
School District's Covered Payroll	\$ 3,274,511	\$ 3,360,207	\$ 3,130,164	\$ 3,259,810	\$ 3,396,162	\$ 2,523,056
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	175.13%	174.73%	234.35%	165.73%	142.47%	225.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%
<i>State Teachers Retirement System (STRS)</i>						
School District's Proportion of the Net Pension Liability	0.07703542%	0.08004287%	0.08416038%	0.08160867%	0.08601254%	0.08601254%
School District's Proportionate Share of the Net Pension Liability	\$ 16,938,359	\$ 19,014,355	\$ 28,171,016	\$ 22,554,249	\$ 20,921,226	\$ 24,921,228
School District's Covered Payroll	\$ 8,652,771	\$ 8,899,457	\$ 8,572,064	\$ 8,483,471	\$ 9,400,569	\$ 9,462,246
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	195.76%	213.66%	328.64%	265.86%	222.55%	263.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

River View Local School District
Coshocton County, Ohio
Required Supplementary Information
Schedule of School District Contributions - Pension
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution	\$ 456,011	\$ 442,059	\$ 470,429	\$ 438,223
Contributions in Relation to the Contractually Required Contribution	<u>(456,011)</u>	<u>(442,059)</u>	<u>(470,429)</u>	<u>(438,223)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 3,377,859	\$ 3,274,511	\$ 3,360,207	\$ 3,130,164
Contributions as a Percentage of Covered Payroll	13.50%	13.50%	14.00%	14.00%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 1,264,115	\$ 1,211,388	\$ 1,245,924	\$ 1,200,089
Contributions in Relation to the Contractually Required Contribution	<u>(1,264,115)</u>	<u>(1,211,388)</u>	<u>(1,245,924)</u>	<u>(1,200,089)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 9,029,393	\$ 8,652,771	\$ 8,899,457	\$ 8,572,064
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 429,643	\$ 470,708	\$ 349,191	\$ 408,372	\$ 410,874	\$ 423,914
<u>(429,643)</u>	<u>(470,708)</u>	<u>(349,191)</u>	<u>(408,372)</u>	<u>(410,874)</u>	<u>(423,914)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 3,259,810	\$ 3,396,162	\$ 2,523,056	\$ 3,036,223	\$ 3,268,687	\$ 3,130,827
13.18%	13.86%	13.84%	13.45%	12.57%	13.54%
\$ 1,187,686	\$ 1,222,074	\$ 1,230,092	\$ 1,156,601	\$ 1,210,278	\$ 1,193,813
<u>(1,187,686)</u>	<u>(1,222,074)</u>	<u>(1,230,092)</u>	<u>(1,156,601)</u>	<u>(1,210,278)</u>	<u>(1,193,813)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 8,483,471	\$ 9,400,569	\$ 9,462,246	\$ 8,896,931	\$ 9,309,831	\$ 9,183,177
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

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River View Local School District
Coshocton County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability/(Asset)
Last Three Fiscal Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>School Employees Retirement System (SERS)</i>			
School District's Proportion of the Net OPEB Liability	0.10079350%	0.09950210%	0.10101234%
School District's Proportionate Share of the Net OPEB Liability	\$ 2,796,284	\$ 2,670,375	\$ 2,879,225
School District's Covered Payroll	\$ 3,274,511	\$ 3,360,207	\$ 3,130,164
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	85.40%	79.47%	91.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.57%	12.46%	11.49%
<i>State Teachers Retirement System (STRS)</i>			
School District's Proportion of the Net OPEB Liability/(Asset)	0.07703542%	0.08004287%	0.08416038%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (1,237,881)	\$ 3,122,977	\$ 4,500,919
School District's Covered Payroll	\$ 8,652,771	\$ 8,899,457	\$ 8,572,064
School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-14.31%	35.09%	52.51%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

River View Local School District
Coshocton County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - OPEB
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution (1)	\$ 75,229	\$ 67,311	\$ 53,238	\$ 48,742
Contributions in Relation to the Contractually Required Contribution	<u>(75,229)</u>	<u>(67,311)</u>	<u>(53,238)</u>	<u>(48,742)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 3,377,859	\$ 3,274,511	\$ 3,360,207	\$ 3,130,164
OPEB Contributions as a Percentage of Covered Payroll (1)	2.23%	2.06%	1.58%	1.56%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 0	\$ 0	\$ 0	\$ 0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 9,029,393	\$ 8,652,771	\$ 8,899,457	\$ 8,572,064
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

2015	2014	2013	2012	2011	2010
\$ 73,580	\$ 52,008	\$ 51,289	\$ 46,458	\$ 39,807	\$ 13,211
<u>(73,580)</u>	<u>(52,008)</u>	<u>(51,289)</u>	<u>\$ (46,458)</u>	<u>\$ (39,807)</u>	<u>\$ (13,211)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 3,259,810	\$ 3,396,162	\$ 2,523,056	\$ 3,036,223	\$ 3,268,687	\$ 3,130,827
2.26%	1.53%	2.03%	1.53%	1.22%	0.42%
\$ 0	\$ 94,006	\$ 94,622	\$ 88,969	\$ 93,098	\$ 91,832
<u>0</u>	<u>(94,006)</u>	<u>(94,622)</u>	<u>(88,969)</u>	<u>(93,098)</u>	<u>(91,832)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 8,483,471	\$ 9,400,569	\$ 9,462,246	\$ 8,896,931	\$ 9,309,831	\$ 9,183,177
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information.

River View Local School District
Coshocton County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to 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 was updated to 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 disabled members was updated to 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.

Changes in Benefit Terms - SERS

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Changes in Assumptions – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - STRS

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

Note 2 - Net OPEB Liability/(Asset)

Changes in Assumptions – SERS

Amounts reported for fiscal year 2019 incorporate changes in key methods and assumptions used in calculating the total OPEB liability. The Municipal Bond Index Rate increased from 3.56 percent to 3.62

River View Local School District
Coshocton County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 3.63 percent to 3.70 percent. The health care cost trend assumptions changed as follows:

Pre-Medicare

Fiscal year 2018 7.50 percent initially, decreasing to 5.00 percent

Fiscal year 2019 7.25 percent initially, decreasing to 4.75 percent

Medicare

Fiscal year 2018 5.50 percent initially, decreasing to 5.00 percent

Fiscal year 2019 5.375 percent initially, decreasing to 4.75 percent

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability. The Municipal Bond Index Rate increased from 2.92 percent to 3.56 percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 2.98 percent to 3.63 percent.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Assumptions – STRS

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 8.00 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms – STRS

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

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**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCKTON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/ Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>(Passed Through Ohio Department of Education)</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Program):			
National School Lunch Program	10.555	2019	\$ 57,790
Cash Assistance:			
National School Breakfast Program	10.553	2019	187,290
National School Lunch Program	10.555	2019	497,660
Cash Assistance Subtotal			<u>684,950</u>
Total Child Nutrition Cluster			<u>742,740</u>
Total U.S. Department of Agriculture			<u>742,740</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>(Passed Through Ohio Department of Education)</i>			
Title I Grants to Local Educational Agencies:			
Title I Grants to Local Educational Agencies	84.010	S010A170035	46,686
Title I Grants to Local Educational Agencies	84.010	S010A180035	370,552
Total Title I Grants to Local Educational Agencies			<u>417,238</u>
Special Education Cluster (IDEA):			
Special Education - Grants to States (IDEA, Part B)	84.027	H027A170111	30,620
Special Education - Grants to States (IDEA, Part B)	84.027	H027A180111	406,407
Total - Special Education - Grants to States (IDEA, Part B)			<u>437,027</u>
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A170119	1,046
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A180119	7,459
Total - Special Education - Grants to States (IDEA Preschool)			<u>8,505</u>
Total Special Education Cluster (IDEA)			<u>445,532</u>
Rural Education	84.358	S358160035	20,994
Supporting Effective Instruction State Grants:			
Supporting Effective Instruction State Grants	84.367	S367A170034	5,425
Supporting Effective Instruction State Grants	84.367	S367A180034	70,219
Total Supporting Effective Instruction State Grants			<u>75,644</u>
Student Support and Academic Enrichment - Title IV	84.424	S424A180036	17,195
Total U.S. Department of Education			<u>976,603</u>
Total Schedule of Expenditures of Federal Awards			<u>\$ 1,719,343</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCKTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of River View Local School District (the School District) under programs of the federal government for the year ended June 30, 2019. 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

The School District did not provide funds to subrecipients during the audit period.

NOTE E - 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 School District assumes it expends federal monies first.

NOTE F – FOOD DONATION PROGRAM

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

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)**

NOTE G - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The School District transferred the following amounts from 2019 to 2020 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 214,772
Special Education - Grants to States	84.027	29,205
6B Restoration Grants	84.027A	464
Special Education - Preschool Grants	84.173	1,613
Total Special Education Cluster		<u>31,282</u>
Rural Education	84.358	15,307
Supporting Effective Instruction State Grants	84.367	49,856
Student Support and Academic Enrichment	84.424	36,428

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OHIO AUDITOR OF STATE KEITH FABER



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SoutheastRegion@ohioauditor.gov

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

River View Local School District
Coshocton County
26496 State Route 60 N
Warsaw, Ohio 43844

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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the River View Local School District, Coshocton County, Ohio (the School District), as of and for the year ended June 30, 2019, 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 March 24, 2020, wherein we noted the School District had a reappraisal of capital assets performed which caused a restatement to beginning net position.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

March 24, 2020

OHIO AUDITOR OF STATE KEITH FABER



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The Plains, Ohio 45780-1231
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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

River View Local School District
Coshocton County
26496 State Route 60 N
Warsaw, Ohio 43844

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited River View Local School District's, Coshocton County, Ohio (the School District), 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 River View Local School District's major federal program for the year ended June 30, 2019. 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, River View Local School District 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, 2019.

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 the 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.



Keith Faber
Auditor of State
Columbus, Ohio

March 24, 2020

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCKTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2019**

1. SUMMARY OF AUDITOR'S RESULTS

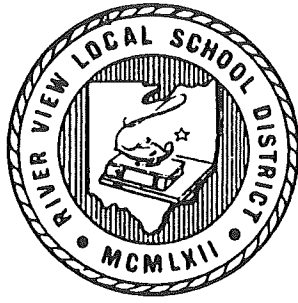
(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(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 Program (list):	Child Nutrition Cluster – CFDA #10.553 and 10.555
(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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



OFFICE OF THE TREASURER

River View Local School District

26496 S.R. 60 N. - WARSAW, OHIO 43844
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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)**

JUNE 30, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	The verification process of verifying free and reduced food service applications was not completed accurately.	Corrected	The District has a new Food Service Coordinator that has learned how to complete the verification process accurately.

OHIO AUDITOR OF STATE
KEITH FABER



**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 7, 2020**