



OHIO AUDITOR OF STATE  
**KEITH FABER**





**RIVER VIEW LOCAL SCHOOL DISTRICT  
COSHOCKTON COUNTY  
JUNE 30, 2018**

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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, 2018, 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, 2018, 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 2018, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 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 6, 2019, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 6, 2019

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*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*

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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, 2018. 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 2018 are as follows:

- Net position increased \$9,910,568, which represents 48 percent increase from 2017 restated balance.
- Capital assets decreased \$294,389 during fiscal year 2017.
- During the fiscal year, outstanding debt decreased from \$469,639 to \$310,567 due to principal payments made by the School District.
- The School District implemented GASB 75, which reduced beginning net position as previously reported by \$7,326,906.
- A decrease in net pension liability and net OPEB liability substantially decreased all instructional and support services expenses compared to fiscal year 2017. See further explanation after Table 1.

***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 2018?" 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

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accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net 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***

The major funds' financial statements begin on page 17. 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. The proprietary fund financial statements begin on page 23.

***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. The School District's fiduciary activities are reported in

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separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 26 and 27. 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.

**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 2018 compared to 2017:

**Table 1**  
**Net Position**

	Governmental Activities	
	2018	Restated 2017
<b>Assets</b>		
Current and Other Assets	\$ 20,770,483	\$ 22,477,852
Capital Assets	5,782,893	6,077,282
<i>Total Assets</i>	<u>26,553,376</u>	<u>28,555,134</u>
<b>Deferred Outflows of Resources</b>		
Pension & OPEB	7,910,581	7,224,813
<b>Liabilities</b>		
Current Liabilities	2,460,897	2,277,323
Long-Term Liabilities:		
Due Within One Year	273,694	278,776
Due in More Than One Year		
Pension & OPEB	30,678,854	42,886,552
Other Amounts	998,798	1,063,366
<i>Total Liabilities</i>	<u>34,412,243</u>	<u>46,506,017</u>
<b>Deferred Inflows of Resources</b>		
Property Taxes	7,388,558	9,033,624
Revenue in Lieu of Taxes	63,476	0
Pension & OPEB	3,232,170	783,364
<i>Total Deferred Inflows of Resources</i>	<u>10,684,204</u>	<u>9,816,988</u>
<b>Net Position</b>		
Net Investment in Capital Assets	5,472,326	5,607,643
Restricted	1,795,531	2,136,445
Unrestricted	(17,900,347)	(28,287,146)
<i>Total Net Position</i>	<u>\$ (10,632,490)</u>	<u>\$ (20,543,058)</u>

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The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2018 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. For fiscal year 2018, the School District adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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.

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 liability* or *net 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 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 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. The retirement system is responsible for the administration of the pension and OPEB plans.

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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. 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 liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating the deficit net position at June 30, 2017, from \$13,216,152 to \$20,543,058.

At year end, capital assets represented 22 percent of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture and fixtures and vehicles. Net investment in capital assets was \$5,472,326 at June 30, 2018. 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, \$1,795,531 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 \$17,900,347, which is primarily caused by the implementation of GASB 68 and 75.

Current assets decreased due to a decrease in property taxes receivable related to the decrease in assessed values (See Note 6). This was also the cause of the decrease in deferred inflows of resources for property taxes.

The significant decrease in net pension liability is largely the result of a change in benefit terms in which STRS reduced their COLA to zero coupled by a slight reduction in COLA benefits by SERS. The significant increase in deferred outflows and inflows related to pension/OPEB are primarily from the change of assumptions and the difference in projected and actual investments earnings, respectively. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL and are described in more detail in their respective notes.

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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 2018 and 2017.

**Table 2**  
**Changes in Net Position**

	2018	2017
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 2,840,314	\$ 2,622,238
Operating Grants	2,781,024	3,082,659
<i>Total Program Revenues</i>	<u>5,621,338</u>	<u>5,704,897</u>
<i>General Revenues:</i>		
Property Taxes	9,219,716	10,739,558
Grants and Entitlements Not Restricted	9,033,938	9,015,588
Payments in Lieu of Taxes	212,193	0
Other	255,962	357,292
<i>Total General Revenues</i>	<u>18,721,809</u>	<u>20,112,438</u>
<i>Total Revenues</i>	<u>24,343,147</u>	<u>25,817,335</u>
<b>Program Expenses</b>		
Instruction:		
Regular	4,095,473	10,434,172
Special	1,663,864	4,029,159
Vocational	156,954	416,465
Adult/Continuing	12,536	9,537
Student Intervention Services	4,560	1,815
Other	0	465
Support Services:		
Pupils	528,706	975,258
Instructional Staff	273,939	794,602
Board of Education	98,435	107,084
Administration	872,519	1,841,356
Fiscal	662,257	798,492
Operation and Maintenance of Plant	1,848,398	2,111,215
Pupil Transportation	1,983,598	2,068,952
Central	616,283	444,748
Operation of Non-Instructional Services:		
Food Service Operations	1,058,848	1,133,221
Community Services	79,600	82,990
Extracurricular Activities	463,882	591,774
Debt Service:		
Interest and Fiscal Charges	12,727	23,368
<i>Total Expenses</i>	<u>14,432,579</u>	<u>25,864,673</u>
<i>Change in Net Position</i>	9,910,568	(47,338)
<i>Net Position (Deficit) at Beginning of Year</i>	<u>(20,543,058)</u>	N/A
<i>Net Position (Deficit) at End of Year</i>	<u>\$ (10,632,490)</u>	<u>\$ (20,543,058)</u>

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The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$53,238 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$852,239. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 Program Expenses under GASB 75		\$	14,432,579
Negative OPEB Expense under GASB 75			852,239
2018 Contractually Required Contribution			67,311
Adjusted 2018 Program Expenses			15,352,129
Total 2017 Program Expenses under GASB 45			25,864,673
Decrease in Program Expenses not Related to OPEB		\$	(10,512,544)

Property tax revenues decreased \$1,519,842 primarily because of a decrease in collections related to the decrease in assessed valuations (see Note 6).

See financial highlights for explanation of fluctuations in expenses.

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	
	2018	2017 Restated	2018	2017 Restated
Instruction:				
Regular	\$ 4,095,473	\$ 10,434,172	\$ (2,074,473)	\$ 8,724,727
Special	1,663,864	4,029,159	156,934	2,045,018
Vocational	156,954	416,465	(91,705)	357,403
Adult/Continuing	12,536	9,537	(12,536)	9,537
Student Intervention Services	4,560	1,815	(4,560)	1,815
Other	0	465	-	465
Support Services:				
Pupils	528,706	975,258	(504,096)	939,864
Instructional Staff	273,939	794,602	(123,597)	533,153
Board of Education	98,435	107,084	(98,435)	97,308
Administration	872,519	1,841,356	(744,850)	1,571,187
Fiscal	662,257	798,492	(662,257)	798,492
Operation and Maintenance of Plant	1,848,398	2,111,215	(1,848,398)	2,071,862
Pupil Transportation	1,983,598	2,068,952	(1,874,327)	2,024,711
Central	616,283	444,748	(605,483)	433,948
Operation of Non-Instructional Services:				
Food Service Operations	1,058,848	1,133,221	(42,286)	73,199
Community Services	79,600	82,990	(1,754)	17,674
Extracurricular Activities	463,882	591,774	(266,691)	436,045
Debt Service:				
Interest and Fiscal Charges	12,727	23,368	(12,727)	23,368
<b>Total Expenses</b>	<b>\$ 14,432,579</b>	<b>\$ 25,864,673</b>	<b>\$ (8,811,241)</b>	<b>\$ 20,159,776</b>

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The dependence upon general revenues for governmental activities is apparent. Almost 61 percent of governmental activities are supported through taxes and other general revenues; such revenues are 77 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

The total and net cost of services changes were primarily caused by the change in COLA related to NPL as previously discussed.

***Governmental Funds***

Information about the School District's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting.

The general fund's net change in fund balance for fiscal year 2018 was an increase of \$235,721, which was significantly less than fiscal year 2017 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 \$42,805 from normal operations.

The permanent improvement fund balance decreased \$294,463 as a result of the timing difference of property tax collections versus improvement project expenditures.

***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 2018, 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.

Final budget revenue of \$22,173,965 was \$619,706 higher than original budget revenue of \$21,554,259, primarily from an increase in estimated tuition and fees revenue due to an increase in open enrollment.

For the general fund, actual budget basis revenue was \$21,530,038, which was lower than the final budget basis revenue by \$643,927. This difference is primarily due to an overestimation of property taxes based on the change in assessed valuation previously discussed.

Final expenditure appropriations of \$23,629,151 were \$2,044,690 higher than the actual expenditures of \$21,584,461, primarily from cost savings for instruction and student support services throughout the year.

Final budget appropriations increased \$2,126,039 over original budget appropriations. This variance was partially caused when the School District increased the appropriations to keep them in line with the additional resources available.

There were no significant variances to discuss within other financing sources and uses.



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***Capital Assets and Debt Administration***

**Capital Assets**

At the end of fiscal year 2018, the School District had \$5,782,893 invested in capital assets. Table 4 shows fiscal year 2018 balances compared with 2017.

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

	Governmental Activities	
	2018	2017
Land	\$ 478,659	\$ 478,659
Construction in Progress	163,870	4,264
Buildings and Improvements	3,516,318	3,892,180
Furniture and Equipment	881,315	941,608
Vehicles	742,731	760,571
<i>Totals</i>	\$ 5,782,893	\$ 6,077,282

The \$294,389 decrease in capital assets was attributable to current year depreciation and disposals exceeding additional purchases. See Note 8 for more information about the capital assets of the School District.

**Debt**

At June 30, 2018, the School District had \$310,567 in debt outstanding. See Note 14 for additional details. Table 5 summarizes debt outstanding.

**Table 5**  
**Outstanding Debt at Year End**

	Governmental Activities	
	2018	2017
School Energy Conservation Improvement Bonds	\$ 275,190	\$ 412,787
Capital Lease	35,377	56,852
<i>Total</i>	\$ 310,567	\$ 469,639

***Current Issues***

The School District remains strong financially at June 30, 2018; however, the five-year forecast projects significant deficit spending by fiscal year 2019. 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.

**River View Local School District**  
**Coshocton County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*

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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. Therefore, the School District does realize some gain from reappraisals. The tax base in the District has become a 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. This reduction is an estimated \$1.2 million loss in tax revenue in beginning in fiscal year 2018.

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

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](mailto:lee.williamson@rvbears.org).

**River View Local School District**  
**Coshocton County, Ohio**  
*Statement of Net Position*  
*June 30, 2018*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 9,972,107
Cash and Cash Equivalents in Segregated Accounts	1,622,903
Inventory Held For Resale	14,551
Materials and Supplies Inventory	99,689
Receivables:	
Accounts	51,240
Intergovernmental	488,274
Property Taxes	8,436,365
Revenue in Lieu of Taxes	63,476
Prepaid Items	21,878
Nondepreciable Capital Assets	642,529
Depreciable Capital Assets (Net)	5,140,364
<i>Total Assets</i>	26,553,376
<b>Deferred Outflows of Resources</b>	
Pension	7,662,992
OPEB	247,589
<i>Total Deferred Outflows of Resources</i>	7,910,581
<b>Liabilities</b>	
Accounts Payable	298,038
Accrued Wages and Benefits	1,331,051
Contracts Payable	13,521
Intergovernmental Payable	321,721
Matured Compensated Absences Payable	75,480
Accrued Vacation Leave Payable	74,935
Claims Payable	346,151
Long Term Liabilities:	
Due Within One Year	273,694
Due In More Than One Year:	
Net Pension Liability	24,885,502
Net OPEB Liability	5,793,352
Other Amonts Due in More Than One Year	998,798
<i>Total Liabilities</i>	34,412,243
<b>Deferred Inflows of Resources</b>	
Property Taxes Levied for the Next Year	7,388,558
Revenue in Lieu of Taxes Levied for the Next Year	63,476
Pension	2,370,577
OPEB	861,593
<i>Total Deferred Inflows of Resources</i>	10,684,204
<b>Net Position</b>	
Net Investment in Capital Assets	5,472,326
Restricted For:	
Capital Outlay	1,250,300
Other Purposes	545,231
Unrestricted	(17,900,347)
<i>Total Net Position</i>	\$ (10,632,490)

See accompanying notes to the basic financial statements.

**River View Local School District**  
**Coshocton County, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$ 4,095,473	\$ 1,806,734	\$ 214,266	\$ (2,074,473)
Special	1,663,864	443,020	1,377,778	156,934
Vocational	156,954	276	64,973	(91,705)
Adult/Continuing	12,536	0	0	(12,536)
Student Intervention Services	4,560	0	0	(4,560)
Support Services:				
Pupils	528,706	16,445	8,165	(504,096)
Instructional Staff	273,939	579	149,763	(123,597)
Board of Education	98,435	0	0	(98,435)
Administration	872,519	0	127,669	(744,850)
Fiscal	662,257	0	0	(662,257)
Operation and Maintenance of Plant	1,848,398	0	0	(1,848,398)
Pupil Transportation	1,983,598	60,578	48,693	(1,874,327)
Central	616,283	0	10,800	(605,483)
Operation of Non-Instructional Services:				
Food Service Operations	1,058,848	319,542	697,020	(42,286)
Community Services	79,600	7,427	70,419	(1,754)
Extracurricular Activities	463,882	185,713	11,478	(266,691)
Debt Service:				
Interest and Fiscal Charges	12,727	0	0	(12,727)
<b>Total</b>	<u>\$ 14,432,579</u>	<u>\$ 2,840,314</u>	<u>\$ 2,781,024</u>	<u>(8,811,241)</u>

**General Revenues**

Property Taxes Levied for:

General Purposes	8,771,382
Capital Outlay	448,334
Grants and Entitlements Not Restricted to Specific Programs	9,033,938
Payments in Lieu of Taxes	212,193
Investment Earnings	119,964
Miscellaneous	135,998
<b>Total General Revenues</b>	<u>18,721,809</u>

*Change in Net Position* 9,910,568

*Net Position Beginning of Year (Restated - See Note 2)* (20,543,058)

*Net Position End of Year* \$ (10,632,490)

See accompanying notes to the basic financial statements.

**River View Local School District**  
**Coshocton County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2018*

	General	Food Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 8,277,458	\$ 194,891	\$ 1,338,592	\$ 161,166	\$ 9,972,107
Inventory Held For Resale	0	14,551	0	0	14,551
Materials and Supplies Inventory	99,689	0	0	0	99,689
Receivables:					
Accounts	50,830	410	0	0	51,240
Interfund	36,462	0	0	0	36,462
Intergovernmental	8,431	65,889	0	413,954	488,274
Property Taxes	8,031,439	0	404,926	0	8,436,365
Revenue in Lieu of Taxes	63,476	0	0	0	63,476
Prepaid Items	21,878	0	0	0	21,878
<i>Total Assets</i>	<u>16,589,663</u>	<u>275,741</u>	<u>1,743,518</u>	<u>575,120</u>	<u>19,184,042</u>
<b>Liabilities</b>					
Accounts Payable	\$ 106,415	\$ 25,450	\$ 125,175	\$ 40,998	\$ 298,038
Accrued Wages and Benefits	1,194,781	43,127	0	93,143	1,331,051
Contracts Payable	0	0	13,521	0	13,521
Intergovernmental Payable	286,507	17,497	0	17,717	321,721
Matured Compensated Absences Payable	75,480	0	0	0	75,480
Interfund Payable	0	0	0	36,462	36,462
<i>Total Liabilities</i>	<u>1,663,183</u>	<u>86,074</u>	<u>138,696</u>	<u>188,320</u>	<u>2,076,273</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes Levied for the Next Year	7,033,632	0	354,926	0	7,388,558
Revenue in Lieu of Taxes Levied for the Next Year	63,476	0	0	0	63,476
Unavailable Revenue	175,638	0	8,575	281,502	465,715
<i>Total Deferred Inflows of Resources</i>	<u>7,272,746</u>	<u>0</u>	<u>363,501</u>	<u>281,502</u>	<u>7,917,749</u>
<b>Fund Balances</b>					
Nonspendable	121,567	0	0	0	121,567
Restricted	0	189,667	1,241,321	139,054	1,570,042
Committed	32,083	0	0	0	32,083
Assigned	3,523,631	0	0	0	3,523,631
Unassigned	3,976,453	0	0	(33,756)	3,942,697
<i>Total Fund Balances</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>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 16,589,663</u>	<u>\$ 275,741</u>	<u>\$ 1,743,518</u>	<u>\$ 575,120</u>	<u>\$ 19,184,042</u>

See accompanying notes to the basic financial statements.

**River View Local School District**  
**Coshocton County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*June 30, 2018*

<b>Total Governmental Fund Balances</b>		\$ 9,190,020
 <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.		5,782,893
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Intergovernmental	\$ 281,502	
Delinquent Property Taxes	<u>184,213</u>	465,715
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.		1,276,752
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the funds.		
Deferred Outflows - Pension	7,662,992	
Deferred Outflows - OPEB	247,589	
Net Pension Liability	(24,885,502)	
Net OPEB Liability	(5,793,352)	
Deferred Inflows - Pension	(2,370,577)	
Deferred Inflows - OPEB	<u>(861,593)</u>	(26,000,443)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
General Obligation Bonds	(275,190)	
Capital Lease Obligation	(35,377)	
Vacations Payable	(74,935)	
Compensated Absences	<u>(961,925)</u>	<u>(1,347,427)</u>
<i>Net Position of Governmental Activities</i>		<u><u>\$ (10,632,490)</u></u>

See accompanying notes to the basic 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, 2018*

	General	Food Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property and Other Local Taxes	\$ 8,962,054	\$ 0	\$ 458,902	\$ 0	\$ 9,420,956
Intergovernmental	9,735,895	694,843	32,740	1,413,996	11,877,474
Investment Income	107,947	2,176	0	411	110,534
Tuition and Fees	2,266,863	0	0	0	2,266,863
Extracurricular Activities	82,819	0	0	108,614	191,433
Rentals	1,900	0	0	0	1,900
Charges for Services	60,579	319,542	0	0	380,121
Contributions and Donations	6,014	0	5,336	11,388	22,738
Revenue in Lieu of Taxes	212,193	0	0	0	212,193
Miscellaneous	76,662	9,243	0	20,170	106,075
<i>Total Revenues</i>	<u>21,512,926</u>	<u>1,025,804</u>	<u>496,978</u>	<u>1,554,579</u>	<u>24,590,287</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	9,669,413	0	30,286	177,520	9,877,219
Special	2,997,933	0	0	675,383	3,673,316
Vocational	413,035	0	0	17,607	430,642
Adult/Continuing	12,536	0	0	0	12,536
Student Intervention Services	2,799	0	0	0	2,799
Support Services:					
Pupils	828,862	0	2,838	11,791	843,491
Instructional Staff	438,949	0	1,419	136,181	576,549
Board of Education	97,417	0	0	0	97,417
Administration	1,516,916	0	3,461	217,717	1,738,094
Fiscal	672,604	0	16,765	0	689,369
Operation and Maintenance of Plant	1,778,937	263	348,212	1,040	2,128,452
Pupil Transportation	1,909,675	0	183,416	0	2,093,091
Central	426,963	0	171,952	14,519	613,434
Extracurricular Activities	340,077	0	0	137,388	477,465
Operation of Non-Instructional Services:					
Food Service Operations	11,976	1,068,346	0	0	1,080,322
Community Services	9,400	0	0	59,809	69,209
Capital Outlay	3,429	0	33,092	0	36,521
Debt Service:					
Principal Retirement	159,072	0	0	0	159,072
Interest and Fiscal Charges	17,137	0	0	0	17,137
<i>Total Expenditures</i>	<u>21,307,130</u>	<u>1,068,609</u>	<u>791,441</u>	<u>1,448,955</u>	<u>24,616,135</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>205,796</u>	<u>(42,805)</u>	<u>(294,463)</u>	<u>105,624</u>	<u>(25,848)</u>
<b>Other Financing Sources (Uses)</b>					
Insurance Recoveries	29,925	0	0	0	29,925
<i>Net Change in Fund Balance</i>	235,721	(42,805)	(294,463)	105,624	4,077
<i>Fund Balances Beginning of Year</i>	<u>7,418,013</u>	<u>232,472</u>	<u>1,535,784</u>	<u>(326)</u>	<u>9,185,943</u>
<i>Fund Balances End 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>

See accompanying notes to the basic 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, 2018*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	4,077
<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	\$ 611,513	
Current Year Depreciation	<u>(905,902)</u>	(294,389)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(201,240)	
Intergovernmental	<u>(87,842)</u>	(289,082)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	137,597	
Capital Leases	<u>21,475</u>	159,072
In the statement of activities, interest is accrued on outstanding bonds; and bond premium and gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable		4,410
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,653,447	
OPEB	<u>67,311</u>	1,720,758
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	7,871,663	
OPEB	<u>852,239</u>	8,723,902
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.		
		(21,128)
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	(89,422)	
Vacations Payable	<u>(7,630)</u>	<u>(97,052)</u>
<i>Change in Net Position of Governmental Activities</i>	\$	<u><u>9,910,568</u></u>

See accompanying notes to the basic 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, 2018*

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<b>Revenues</b>				
Property and Other Local Taxes	\$ 9,625,692	\$ 9,625,692	\$ 9,149,422	\$ (476,270)
Intergovernmental	9,693,230	9,847,862	9,672,477	(175,385)
Investment Income	46,540	111,429	121,956	10,527
Tuition and Fees	1,970,840	2,358,348	2,248,738	(109,610)
Extracurricular Activities	44,820	53,610	51,790	(1,820)
Rentals	869	1,833	1,612	(221)
Charges for Services	98,178	98,178	59,341	(38,837)
Contributions and Donations	29,005	30,300	1,297	(29,003)
Payments in Lieu of Taxes	18,746	18,746	212,193	193,447
Miscellaneous	26,339	27,967	11,212	(16,755)
<i>Total Revenues</i>	<u>21,554,259</u>	<u>22,173,965</u>	<u>21,530,038</u>	<u>(643,927)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	9,694,636	10,176,875	9,667,454	509,421
Special	3,027,872	3,418,577	3,004,163	414,414
Vocational	402,763	430,481	400,502	29,979
Adult/Continuing	9,020	13,431	12,564	867
Student Intervention Services	0	3,264	3,264	0
Support Services:				
Pupils	904,660	1,176,283	810,936	365,347
Instructional Staff	486,053	599,214	455,016	144,198
Board of Education	120,072	125,161	134,518	(9,357)
Administration	1,510,229	1,580,522	1,532,530	47,992
Fiscal	744,620	816,942	662,209	154,733
Operation and Maintenance of Plant	1,994,357	2,142,510	1,975,852	166,658
Pupil Transportation	1,891,399	2,112,466	1,968,489	143,977
Central	394,828	510,665	457,783	52,882
Extracurricular Activities	300,313	328,910	308,078	20,832
Operation of Non-Instructional Services:				
Food Service Operations	0	12,000	11,976	24
Capital Outlay	0	5,123	3,429	1,694
Debt Service:				
Principal Retirement	21,475	159,072	159,072	0
Interest and Fiscal Charges	815	17,655	16,626	1,029
<i>Total Expenditures</i>	<u>21,503,112</u>	<u>23,629,151</u>	<u>21,584,461</u>	<u>2,044,690</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>51,147</u>	<u>(1,455,186)</u>	<u>(54,423)</u>	<u>1,400,763</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	114,514	0	0	0
Insurance Recoveries	97,599	97,599	29,925	(67,674)
Refund of Prior Year Expenditures	235,991	239,854	106,615	(133,239)
Refund of Prior Year Receipts	0	(9,754)	(9,754)	0
Advances In	200,645	200,645	94,974	(105,671)
Advances Out	0	0	(36,289)	(36,289)
<i>Total Other Financing Sources (Uses)</i>	<u>648,749</u>	<u>528,344</u>	<u>185,471</u>	<u>(342,873)</u>
<i>Net Change in Fund Balance</i>	699,896	(926,842)	131,048	1,057,890
<i>Fund Balance Beginning of Year</i>	7,320,943	7,320,943	7,320,943	0
Prior Year Encumbrances Appropriated	467,913	467,913	467,913	0
<i>Fund Balance End of Year</i>	<u>\$ 8,488,752</u>	<u>\$ 6,862,014</u>	<u>\$ 7,919,904</u>	<u>\$ 1,057,890</u>

See accompanying notes to the basic 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, 2018*

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$ 685,252	\$ 685,331	\$ 574,575	\$ (110,756)
Investment Income	801	801	2,176	1,375
Charges for Services	344,105	372,783	319,542	(53,241)
Miscellaneous	0	3	3	0
<i>Total Revenues</i>	<u>1,030,158</u>	<u>1,058,918</u>	<u>896,296</u>	<u>(162,622)</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Operation and Maintenance of Plant	746	1,011	263	748
Operation of Non-Instructional Services:				
Food Service Operations	726,749	1,077,366	1,032,457	44,909
<i>Total Expenditures</i>	<u>727,495</u>	<u>1,078,377</u>	<u>1,032,720</u>	<u>45,657</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>302,663</u>	<u>(19,459)</u>	<u>(136,424)</u>	<u>(116,965)</u>
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Expenditures	31,251	31,251	8,830	(22,421)
Refund of Prior Year Receipts	0	(200)	(73)	127
<i>Total Other Financing Sources (Uses)</i>	<u>31,251</u>	<u>31,051</u>	<u>8,757</u>	<u>(22,294)</u>
<i>Net Change in Fund Balance</i>	333,914	11,592	(127,667)	(139,259)
<i>Fund Balance Beginning of Year</i>	272,871	272,871	272,871	0
Prior Year Encumbrances Appropriated	1,643	1,643	1,643	0
<i>Fund Balance End of Year</i>	<u>\$ 608,428</u>	<u>\$ 286,106</u>	<u>\$ 146,847</u>	<u>\$ (139,259)</u>

See accompanying notes to the basic financial statements.

**River View Local School District**  
**Coshocton County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Fund*  
*June 30, 2018*

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	Governmental Activities - Internal Service Fund
	<u>                    </u>
<b>Assets</b>	
<i>Current Assets</i>	
Cash and Cash Equivalents in Segregated Accounts	\$ <u>1,622,903</u>
<b>Liabilities</b>	
<i>Current Liabilities</i>	
Claims Payable	<u>346,151</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$ 1,276,752</u></u>

See accompanying notes to the basic 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, 2018*

	Governmental Activities - Internal Service Fund
<b>Operating Revenues</b>	
Charges for Services	\$ 4,243,139
<b>Operating Expenses</b>	
Purchased Services	741,525
Claims	3,534,759
<i>Total Operating Expenses</i>	<u>4,276,284</u>
<i>Operating Loss</i>	<u>(33,145)</u>
<b>Non-Operating Revenues</b>	
Interest	12,017
<i>Change in Net Position</i>	(21,128)
<i>Net Position Beginning of Year</i>	<u>1,297,880</u>
<i>Net Position End of Year</i>	<u>\$ 1,276,752</u>

See accompanying notes to the basic financial statements.

**River View Local School District**  
**Coshocton County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Fiscal Year Ended June 30, 2018

	<u>Governmental Activities - Internal Service Fund</u>
<b>Cash Flows From Operating Activities</b>	
Cash Received from Interfund Services	\$ 4,243,139
Cash Paid for Goods and Services	(742,942)
Cash Paid for Claims	(3,497,217)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>2,980</u>
<b>Cash Flows From Investing Activities</b>	
Interest on Investments	<u>12,017</u>
<i>Net Increase in Cash and Cash Equivalents</i>	14,997
<i>Cash and Cash Equivalents, Beginning of Year</i>	<u>1,607,906</u>
<i>Cash and Cash Equivalents, End of Year</i>	<u>\$ 1,622,903</u>
<b>Reconciliation of Operating Loss to Net Cash Provided By (Used For) Operating Activities</b>	
Operating Loss	\$ (33,145)
Adjustments:	
Increase (Decrease) in Liabilities:	
Intergovernmental Payable	(1,417)
Claims Payable	37,542
<i>Total Adjustments</i>	<u>36,125</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ 2,980</u>

See accompanying notes to the basic financial statements.

**River View Local School District**  
**Coshocton County, Ohio**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2018*

	Private Purpose Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$ 33,437	\$ 90,621
Accounts Receivable	0	70
<i>Total Assets</i>	33,437	\$ 90,691
<b>Liabilities</b>		
Accounts Payable	0	\$ 2,707
Undistributed Monies	0	31,925
Due to Students	0	56,059
<i>Total Liabilities</i>	0	\$ 90,691
<b>Net Position</b>		
Held in Trust for Scholarships	\$ 33,437	

See accompanying notes to the basic 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, 2018*

	Private Purpose Trust
<b>Additions</b>	
Gifts and Donations	\$ 2,345
Investment Earnings	152
	2,497
<i>Total Additions</i>	<i>2,497</i>
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	3,150
	(653)
<i>Change in Net Position</i>	<i>(653)</i>
<i>Net Position Beginning of Year</i>	<i>34,090</i>
<i>Net Position End of Year</i>	<i>\$ 33,437</i>

See accompanying notes to the basic 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, 2018*

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

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

The River View Local 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, the Metropolitan Educational Technology Association Solutions 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, 2018*

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***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.

***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.

**River View Local School District**  
**Coshocton County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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

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, 2018*

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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, 2018*

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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, 2018, but which were levied to finance fiscal year 2019 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, 2018*

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***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 2018, the School District invested in STAR Ohio and 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 2018, 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 a segregated bank account 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 2018 amounted to \$107,947, which includes \$31,141 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, 2018*

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***H. 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:

Description	Estimated Lives
Buildings and Improvements	40 Years
Furniture and Equipment	5-20 Years
Vehicles	4 Years

***I. 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.

***J. Compensated Absences***

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

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

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

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

**River View Local School District**  
**Coshocton County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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***K. 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.

***L. Pensions and Other Postemployment Benefits (OPEB)***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions / OPEB, pension expense, and 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 systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension / OPEB systems report investments at fair value.

***M. Interfund Activity***

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

***N. 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.

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



**River View Local School District**  
**Coshocton County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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***O. 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, 2018*

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***P. Operating Revenues and Expenses***

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

***Q. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2018.

***R. Estimates***

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

***S. Implementation of New Accounting Principles and Restatement of Net Position***

For the fiscal year ended June 30, 2018, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits other than Pensions*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017* and GASB Statement No. 86, *Certain Debt Extinguishments*.

GASB Statement No. 75 requires recognition of the entire net postemployment benefits other than pensions (other postemployment benefits or OPEB) liability and a more comprehensive measure of postemployment benefits expense for OPEB provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 75 resulted in the inclusion of net OPEB liability and OPEB expense components on the accrual financial statements. See below for the effect on net position as previously reported.

GASB Statement No. 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, it requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement also requires that a government recognize revenue when the resources become applicable to the reporting period. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the School District.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

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GASB Statement No. 86 addresses the reporting and disclosure requirements of certain debt extinguishments including in-substance defeasance transactions and prepaid insurance associated with debt that is extinguished. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the School District.

Net Position, June 30, 2017	\$ (13,216,152)
Adjustments:	
Net OPEB Liability	(7,380,144)
Deferred Outflow-Payments Subsequent to Measurement Date	53,238
Restated Net Position, July 1, 2017	\$ (20,543,058)

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**NOTE 3 – FUND DEFICITS**

Fund balances at June 30, 2018 included the following individual fund deficits:

	Deficit
<i>Non-Major Governmental Funds:</i>	
District Managed Student Activity	\$ 1,092
Public School Preschool	4,617
IDEA, Part B	8,914
Title I	3,710
Miscellaneous Federal Grant	15,423

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).

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- 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.

**Net Change in Fund Balance**

	General	Food Service
GAAP Basis	\$ 235,721	\$ (42,805)
Net Adjustment for Revenue Accruals	286,889	(120,678)
Net Adjustment for Expenditure Accruals	(72,076)	83,853
Funds Budgeted Elsewhere	(3,469)	0
Adjustment for Encumbrances	(316,017)	(48,037)
Budget Basis	\$ 131,048	\$ (127,667)

\*\* 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.

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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.

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 Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 3) Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed 30 days;
- 4) Bonds and any other obligations of the State of Ohio;
- 5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
- 6) The State Treasurer's Investment Pool (STAR Ohio).
- 7) Certain 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

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or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

***Investments***

As of June 30, 2018, 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	\$ 601,623	\$ 601,623	\$ 0	33.71%
	Fair Value:				
N/A	Negotiable Certificates of Deposit	1,182,921	345,884	837,037	66.29%
	Total	<u>\$ 1,784,544</u>	<u>\$ 947,507</u>	<u>\$ 837,037</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, 2018. 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).

***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, 2018, is 49 days and carries a rating of AAm by S&P Global Ratings.

***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, 2018.

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**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 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, 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 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017 and are collected in 2018 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 County. 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, 2018, are available to finance fiscal year 2018 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.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2018, 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 2018 taxes were collected are:

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	2017 Second-Half Collections		2018 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 326,594,365	73%	\$ 331,926,197	81%
Public Utility Personal Property	120,115,650	27%	77,353,440	19%
<b>Total Assessed Value</b>	<b>\$ 446,710,015</b>	<b>100%</b>	<b>\$ 409,279,637</b>	<b>100%</b>
 Tax rate per \$1,000 of assessed value	 \$ 31.30		 \$ 31.30	

**NOTE 7 – RECEIVABLES**

Receivables at June 30, 2018, 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.

**NOTE 8 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance 06/30/2017	Additions	Deletions	Balance 6/30/2018
<b>Governmental Activities</b>				
<b><i>Capital Assets Not Being Depreciated</i></b>				
Land	\$ 478,659	\$ 0	\$ 0	\$ 478,659
Construction in Progress	4,264	159,606	0	163,870
<b><i>Total Capital Assets Not Being Depreciated</i></b>	<b>482,923</b>	<b>159,606</b>	<b>0</b>	<b>642,529</b>
<b><i>Capital Assets Being Depreciated</i></b>				
Building and Improvements	14,251,238	64,480	0	14,315,718
Furniture and Equipment	3,733,827	115,654	0	3,849,481
Vehicles	3,141,922	271,773	0	3,413,695
<b><i>Total Capital Assets, Being Depreciated</i></b>	<b>21,126,987</b>	<b>451,907</b>	<b>0</b>	<b>21,578,894</b>
<b><i>Less: Accumulated Depreciation</i></b>				
Building and Improvements	(10,359,058)	(440,342)	0	(10,799,400)
Furniture and Equipment	(2,792,219)	(175,947)	0	(2,968,166)
Vehicles	(2,381,351)	(289,613)	0	(2,670,964)
<b><i>Total Accumulated Depreciation</i></b>	<b>(15,532,628)</b>	<b>(905,902) *</b>	<b>0</b>	<b>(16,438,530)</b>
<b><i>Total Capital Assets Being Depreciated, Net</i></b>	<b>5,594,359</b>	<b>(453,995)</b>	<b>0</b>	<b>5,140,364</b>
<b><i>Governmental Activities Capital Assets, Net</i></b>	<b>\$ 6,077,282</b>	<b>\$ (294,389)</b>	<b>\$ 0</b>	<b>\$ 5,782,893</b>



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\*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 237,696
Special	10,085
Vocational	10,739
Student Intervention	1,761
Support Services:	
Pupils	5,630
Instructional Staff	3,523
Board of Education	1,018
Administration	26,249
Fiscal	881
Operation and Maintenance of Plant	111,520
Pupil Transportation	299,945
Central	21,082
Operation of Non-Instructional Services:	
Food Service Operations	33,967
Community Service	10,391
Extracurricular Activities	131,415
Total Depreciation Expense	<u>\$ 905,902</u>

**NOTE 9 – INTERFUND ACTIVITY**

*Interfund Balances*

Interfund balances at June 30, 2018, consist of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 36,462	\$ 0
Non-Major Governmental Funds:		
Public School Preschool	0	5,089
Fifth Quarter Grant	0	8,696
IDEA, Part B	0	16,874
Title I	0	3,788
IDEA Preschool	0	85
Improving Teacher Quality	0	1,357
Miscellaneous Federal Grants	0	573
Total	<u>\$ 36,462</u>	<u>\$ 36,462</u>

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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.

**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 2018, the School District has insurance with Markel Insurance Company.

Commercial property liability insurance carries a blanket limit of \$68,495,210 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.

The School District has elected to provide dental, medical, and prescription drug coverage benefits through a self-insurance program. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a dental plan with a \$72.28 family and \$29.16 single premium, a medical plan with a \$1,546.45 family and \$550.57 single premium, and a four-tier prescription plan with a \$0 generic premium, \$10 upper generic, \$30 formulary, or 25% of the cost with a maximum of \$50 for the non-formulary premium. The monthly premium coverage for this prescription plan is \$206.27 family and \$85.27 single premium. The School District has negotiated with its employees to pay a portion of their medical insurance premiums. The School District is responsible for payment of all medical, prescription and dental claim amounts in excess of the employee payment percentages established in the Plan document. The Board also provides single vision coverage through VSP to all full-time employees, with a premium of 10.76, and the option to purchase additional coverage. The premium for this plan is \$10.77 for spouse, \$12.29 for children and \$26.10 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.

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The claims liability of \$346,151 reported in the internal service fund at June 30, 2018 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 2017 and 2018 were:

		Balance at Beginning of Year	Claims	Payments		Balance at End of Year
2017	\$	293,468	\$ 3,638,942	\$ 3,623,801	\$	308,609
2018	\$	308,609	\$ 3,534,759	\$ 3,497,217	\$	346,151

**NOTE 11 – EMPLOYEE BENEFITS**

***A. Compensated Absences***

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

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

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

***B. Life Insurance***

The School District provides life insurance and accidental death and dismemberment insurance to most employees through 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.

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**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.

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, survivor benefits and 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](http://www.ohsers.org) under Employers/Audit Resources.

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Age and service requirements for retirement are as follows:

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

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

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

When a benefit recipient has received benefits for 12 months, an annual COLA is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a three percent simple annual COLA. For those retiring after January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at three percent.

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, 2018, the allocation to pension, death benefits, and Medicare B was 14 percent. SERS allocated 0.5 percent of employer contributions to the Health Care Fund for fiscal year 2018.

The School District’s contractually required contribution to SERS was \$442,059 for fiscal year 2018. Of this amount, \$25,892 is reported as an intergovernmental payable.

***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](http://www.strsoh.org).

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

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, 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 2018 contribution rates were equal to the statutory maximum rates.

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The School District's contractually required contribution to STRS was \$1,211,388 for fiscal year 2018. Of this amount, \$204,748 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, 2017, 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	0.09826550%	0.08004287%	
Prior Measurement Date	<u>0.10022290%</u>	<u>0.08416038%</u>	
Change in Proportionate Share	<u>-0.00195740%</u>	<u>-0.00411751%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 5,871,147	\$ 19,014,355	\$ 24,885,502
Pension Expense	\$ (174,090)	\$ (7,697,573)	\$ (7,871,663)

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, 2018 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>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and			
Actual Experience	\$ 252,673	\$ 734,246	\$ 986,919
Changes of Assumptions	303,602	4,158,649	4,462,251
Changes in Proportion and Differences between			
School District Contributions and Proportionate			
Share of Contributions	149,893	410,482	560,375
School District Contributions Subsequent to the			
Measurement Date	442,059	1,211,388	1,653,447
<b>Total Deferred Outflows of Resources</b>	<u>\$ 1,148,227</u>	<u>\$ 6,514,765</u>	<u>\$ 7,662,992</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and			
Actual Experience	\$ 0	\$ 153,248	\$ 153,248
Net Difference between Projected and			
Actual Earnings on Pension Plan Investments	27,869	627,494	655,363
Changes in Proportion and Differences between			
School District Contributions and Proportionate			
Share of Contributions	95,251	1,466,715	1,561,966
<b>Total Deferred Inflows of Resources</b>	<u>\$ 123,120</u>	<u>\$ 2,247,457</u>	<u>\$ 2,370,577</u>

\$1,653,447 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2019	\$ 272,340	\$ 500,027	\$ 772,367
2020	381,431	1,353,635	1,735,066
2021	66,144	1,110,861	1,177,005
2022	(136,867)	91,397	(45,470)
	<u>\$ 583,048</u>	<u>\$ 3,055,920</u>	<u>\$ 3,638,968</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, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Prior to 2017, an assumption of 3 percent was used for COLA or AD Hoc COLA.

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015. The assumed rate of inflation, payroll growth assumption and assumed real wage growth were reduced in the most recent actuarial valuation. The rates of withdrawal, retirement and disability updated to reflect recent experience and mortality rates were also updated.

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's Proportionate Share of the Net Pension Liability	\$ 8,147,626	\$ 5,871,147	\$ 3,964,131

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***Actuarial Assumptions - STRS***

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
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
Cost-of-Living Adjustments	0.00 percent effective July 1, 2017

Post-retirement mortality rates for healthy retirees 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. Post-retirement disabled 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2017, 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>100.00 %</u>	

\*The target allocation percentage is effective as of July 1, 2017. 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.

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**Discount Rate** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. 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, 2017. 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, 2017.

**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, 2017, 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 (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's Proportionate Share of the Net Pension Liability	\$ 27,256,431	\$ 19,014,355	\$ 12,071,642

**Assumption Changes since the Prior Measurement Date**

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.

**Benefit Term Changes since the Prior Measurement Date**

Effective July 1, 2017, the COLA was reduced to zero.

**NOTE 13 – DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability**

The net OPEB liability reported on the statement of net position represents a 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.

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The net OPEB 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 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 liability is solely the obligation 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 liability. Resulting adjustments to the net OPEB 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 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.

***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](http://www.ohsers.org) under Employers/Audit Resources.

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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 2018, .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 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was \$50,938.

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 \$67,311 for fiscal year 2018. Of this amount \$51,897 is reported as an intergovernmental payable.

***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](http://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, 2018, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Current Measurement Date	0.09950210%	0.08004287%	
Prior Measurement Date	<u>0.10101234%</u>	<u>0.08416038%</u>	
Change in Proportionate Share	<u>-0.00151024%</u>	<u>-0.00411751%</u>	
Proportionate Share of the Net OPEB Liability	\$ 2,670,375	\$ 3,122,977	\$ 5,793,352
OPEB Expense	\$ 132,184	\$ (984,423)	\$ (852,239)

At June 30, 2018, 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>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 0	\$ 180,278	\$ 180,278
School District Contributions Subsequent to the Measurement Date	<u>67,311</u>	<u>0</u>	<u>67,311</u>
<b>Total Deferred Outflows of Resources</b>	<u>\$ 67,311</u>	<u>\$ 180,278</u>	<u>\$ 247,589</u>
<b>Deferred Inflows of Resources</b>			
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	\$ 7,052	\$ 133,483	\$ 140,535
Changes of Assumptions	253,405	251,566	504,971
Changes in Proportionate Share and Differences between School District Contributions and Proportionate Share of Contributions	<u>27,339</u>	<u>188,748</u>	<u>216,087</u>
<b>Total Deferred Inflows of Resources</b>	<u>\$ 287,796</u>	<u>\$ 573,797</u>	<u>\$ 861,593</u>

\$67,311 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2019	\$ (103,482)	\$ (76,711)	\$ (180,193)
2020	(103,482)	(76,711)	(180,193)
2021	(79,069)	(76,711)	(155,780)
2022	(1,763)	(76,710)	(78,473)
2023	0	(43,340)	(43,340)
Thereafter	0	(43,336)	(43,336)
	<u>\$ (287,796)</u>	<u>\$ (393,519)</u>	<u>\$ (681,315)</u>

***Actuarial Assumptions - SERS***

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each 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 OPEB liability in the latest actuarial valuation date of June 30, 2017, 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
Municipal Bond Index Rate	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate	
Measurement Date	3.63 percent, net of plan investment expense, including price inflation
Prior Measurement Date	2.98 percent, net of plan investment expense, including price inflation
Medical Trend Assumption	
Medicare	5.50 percent - 5.00 percent
Pre-Medicare	7.50 percent - 5.00 percent



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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 most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several 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 log-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:

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

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 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 state statute contribution rate of 2.00 percent of projected covered employee 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, 2025. 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, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (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.

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***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 of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63 percent) and higher (4.63 percent) than the current discount rate (3.63 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5 percent decreasing to 4.0 percent) and higher (8.5 percent decreasing to 6.0 percent) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's Proportionate Share of the Net OPEB Liability	\$ 3,224,818	\$ 2,670,375	\$ 2,231,115

  

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 2,166,809	\$ 2,670,375	\$ 3,336,853

***Actuarial Assumptions – STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

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
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6.00 percent to 11.00 percent, initial, 4.50 percent ultimate

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.

**River View Local School District**  
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Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and 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.

Also since the prior measurement date, 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. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

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	1.00	2.25
	<u>100.00 %</u>	

\*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 actual rate of return, without net value added by management.

**River View Local School District**  
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**Discount Rate** The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of 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 blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate** The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were 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.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's Proportionate Share of the Net OPEB Liability	\$ 4,192,547	\$ 3,122,977	\$ 2,277,668
	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 2,169,711	\$ 3,122,977	\$ 4,377,588

**River View Local School District**  
**Coshocton County, Ohio**  
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**NOTE 14 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during the fiscal year 2018 were as follows:

	Restated Outstanding 06/30/2017	Additions	Reductions	Outstanding 6/30/2018	Due Within One Year
<b>Governmental Activities</b>					
<i>General Obligation Bonds</i>					
School Energy Conservation Improvement Bonds	\$ 412,787	\$ 0	\$ (137,597)	\$ 275,190	\$ 137,597
<i>Net Pension and Net OPEB Liability</i>					
Pension	35,506,408	0	(10,620,906)	24,885,502	0
OPEB	7,380,144	0	(1,586,792)	5,793,352	0
<i>Total Net Pension and Net OPEB Liability</i>	<u>42,886,552</u>	<u>0</u>	<u>(12,207,698)</u>	<u>30,678,854</u>	<u>0</u>
<i>Other Long-Term Obligations</i>					
Compensated Absences	872,503	191,455	(102,033)	961,925	113,953
Capital Leases	56,852	0	(21,475)	35,377	22,144
<i>Total Other Long-Term Obligations</i>	<u>929,355</u>	<u>191,455</u>	<u>(123,508)</u>	<u>997,302</u>	<u>136,097</u>
<i>Total Governmental Activities</i>					
<i>Long-Term Obligations</i>	<u>\$ 44,228,694</u>	<u>\$ 191,455</u>	<u>\$ (12,468,803)</u>	<u>\$ 31,951,346</u>	<u>\$ 273,694</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 general obligation debt.

		School Energy Conservation Improvement Bonds		
		Principal	Interest	Total
Year Ending June 30,	2019	\$ 137,597	\$ 9,680	\$ 147,277
	2020	137,593	3,227	140,820
		<u>\$ 275,190</u>	<u>\$ 12,907</u>	<u>\$ 288,097</u>

**River View Local School District**  
**Coshocton County, Ohio**  
*Notes to the Basic Financial Statements*  
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**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.

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 \$74,278 as of June 30, 2018, leaving a current book value of \$31,834.

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, 2018:

			Capital Leases
Fiscal Year Ending June 30,	2019	\$	22,920
	2020		13,370
			36,290
Less: Amount Representing Interest			(913)
Present Value of Minimum Lease Payments		\$	35,377

**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 \$136,834 to OME-RESA during fiscal year 2018 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.

**River View Local School District**  
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*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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***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 \$3,178 to the Career Center in 2018.

***C. META Solutions***

The School District is a participant in META (Metropolitan Educational Technology Association) Solutions. META Solutions is an association of public school districts throughout Ohio. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of META Solutions consists of the superintendent from 11 member districts. During fiscal year 2018, the School District paid \$0 to META Solutions for various services. Financial information can be obtained from the Metropolitan Educational Technology Association, 100 Executive Drive, Marion, Ohio 43302.

**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, 2017	\$ 0
Current Year Set-aside Requirement	364,867
Current Year Offsets	(502,987)
Totals	<u>\$ (138,120)</u>
Balance Carried Forward to Fiscal Year 2019	<u>\$ 0</u>
Set-aside Restricted Balance June 30, 2018	<u>\$ 0</u>

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.

**River View Local School District**  
**Coshocton County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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**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, 2018, 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. ODE adjustments for fiscal year 2018 resulted in an immaterial receivable due to the School District.

**NOTE 19 – COMMITMENTS**

***A. Encumbrance Commitments***

Outstanding encumbrances for governmental funds include \$236,121 for the general fund, \$47,679 in the permanent improvement fund, \$22,587 in the food service fund and \$29,700 in nonmajor governmental funds.

***B. Contractual Commitments***

As of June 30, 2018, the School District had the following contractual commitments:

	Contractual Commitment	Expended	Balance June 30, 2018
High School Music Room HVAC	\$ 145,200	\$ 126,514	\$ 18,686
Warsaw Elementary School Parking Lot	21,200	13,000	8,200
	\$ 166,400	\$ 139,514	\$ 26,886

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



**River View Local School District**  
**Coshocton County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

**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	\$ 99,689	\$ 0	\$ 0	\$ 0	\$ 99,689
Prepaid Items	21,878	0	0	0	21,878
Total Nonspendable	<u>121,567</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>121,567</u>
Restricted for:					
Capital Outlay	0	0	1,241,321	404	1,241,725
Food Service	0	189,667	0	0	189,667
State Funded Programs	0	0	0	109,230	109,230
Federally Funded Programs	0	0	0	17,604	17,604
Other Purposes	0	0	0	11,816	11,816
Total Restricted	<u>0</u>	<u>189,667</u>	<u>1,241,321</u>	<u>139,054</u>	<u>1,570,042</u>
Committed for:					
Underground Storage Tank	11,000	0	0	0	11,000
Bus Reimbursement	21,083	0	0	0	21,083
Total Comitted	<u>32,083</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,083</u>
Assigned for:					
Encumbrances:					
Instruction	26,019	0	0	0	26,019
Support Services	209,887	0	0	0	209,887
Subsequent Appropriations	3,246,496	0	0	0	3,246,496
Other Purposes	41,229	0	0	0	41,229
Total Assigned	<u>3,523,631</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,523,631</u>
Unassigned	<u>3,976,453</u>	<u>0</u>	<u>0</u>	<u>(33,756)</u>	<u>3,942,697</u>
<i>Total Fund Balance</i>	<u>\$ 7,653,734</u>	<u>\$ 189,667</u>	<u>\$ 1,241,321</u>	<u>\$ 105,298</u>	<u>\$ 9,190,020</u>

**River View Local School District**  
**Coshocton County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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**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 \$123,351 in fiscal year 2018 under various Enterprise Zone tax abatement agreements entered into by Coshocton County and the City of Coshocton.

**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 Five Fiscal Years (1)*

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b><i>School Employees Retirement System (SERS)</i></b>					
School District's Proportion of the Net Pension Liability	0.09826550%	0.10022290%	0.09467910%	0.95607000%	0.95607000%
School District's Proportionate Share of the Net Pension Liability	\$ 5,871,147	\$ 7,335,392	\$ 5,402,481	\$ 4,838,616	\$ 5,685,463
School District's Covered Payroll	\$ 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	174.73%	234.35%	165.73%	142.47%	225.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%
<b><i>State Teachers Retirement System (STRS)</i></b>					
School District's Proportion of the Net Pension Liability	0.08004287%	0.08416038%	0.08160867%	0.08601254%	0.08601254%
School District's Proportionate Share of the Net Pension Liability	\$ 19,014,355	\$ 28,171,016	\$ 22,554,249	\$ 20,921,226	\$ 24,921,228
School District's Covered Payroll	\$ 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	213.66%	328.64%	265.86%	222.55%	263.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 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 - Pension*  
*Last Ten Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><i>School Employees Retirement System (SERS)</i></b>				
Contractually Required Contribution	\$ 442,059	\$ 470,429	\$ 438,223	\$ 429,643
Contributions in Relation to the Contractually Required Contribution	<u>(442,059)</u>	<u>(470,429)</u>	<u>(438,223)</u>	<u>(429,643)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 3,274,511	\$ 3,360,207	\$ 3,130,164	\$ 3,259,810
Pension Contributions as a Percentage of Covered Payroll	13.50%	14.00%	14.00%	13.18%
<b><i>State Teachers Retirement System (STRS)</i></b>				
Contractually Required Contribution	\$ 1,211,388	\$ 1,245,924	\$ 1,200,089	\$ 1,187,686
Contributions in Relation to the Contractually Required Contribution	<u>(1,211,388)</u>	<u>(1,245,924)</u>	<u>(1,200,089)</u>	<u>(1,187,686)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 8,652,771	\$ 8,899,457	\$ 8,572,064	\$ 8,483,471
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 470,708	\$ 349,191	\$ 408,372	\$ 410,874	\$ 423,914	\$ 374,783
<u>(470,708)</u>	<u>(349,191)</u>	<u>(408,372)</u>	<u>(410,874)</u>	<u>(423,914)</u>	<u>(374,783)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 3,396,162	\$ 2,523,056	\$ 3,036,223	\$ 3,268,687	\$ 3,130,827	\$ 3,808,770
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%
\$ 1,222,074	\$ 1,230,092	\$ 1,156,601	\$ 1,210,278	\$ 1,193,813	\$ 1,229,042
<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>(1,229,042)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 9,400,569	\$ 9,462,246	\$ 8,896,931	\$ 9,309,831	\$ 9,183,177	\$ 9,454,169
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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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*  
*Last Two Fiscal Years (1)*

	<u>2018</u>	<u>2017</u>
<b><i>School Employees Retirement System (SERS)</i></b>		
School District's Proportion of the Net OPEB Liability	0.09950210%	0.10101234%
School District's Proportionate Share of the Net OPEB Liability	\$ 2,670,375	\$ 2,879,225
School District's Covered Payroll	\$ 3,360,207	\$ 3,130,164
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	79.47%	91.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%
<b><i>State Teachers Retirement System (STRS)</i></b>		
School District's Proportion of the Net OPEB Liability	0.08004287%	0.08416038%
School District's Proportionate Share of the Net OPEB Liability	\$ 3,122,977	\$ 4,500,919
School District's Covered Payroll	\$ 8,899,457	\$ 8,572,064
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.09%	52.51%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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.

See accompanying notes to the required supplementary information.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><i>School Employees Retirement System (SERS)</i></b>				
Contractually Required Contribution (1)	\$ 67,311	\$ 53,238	\$ 48,742	\$ 73,580
Contributions in Relation to the Contractually Required Contribution	<u>(67,311)</u>	<u>(53,238)</u>	<u>(48,742)</u>	<u>(73,580)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 3,274,511	\$ 3,360,207	\$ 3,130,164	\$ 3,259,810
OPEB Contributions as a Percentage of Covered Payroll (1)	2.06%	1.58%	1.56%	2.26%
<b><i>State Teachers Retirement System (STRS)</i></b>				
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	\$ 8,652,771	\$ 8,899,457	\$ 8,572,064	\$ 8,483,471
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.



<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 52,008	\$ 51,289	\$ 46,458	\$ 39,807	\$ 13,211	\$ 105,701
<u>(52,008)</u>	<u>(51,289)</u>	<u>(46,458)</u>	<u>(39,807)</u>	<u>(13,211)</u>	<u>(105,701)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 3,396,162	\$ 2,523,056	\$ 3,036,223	\$ 3,268,687	\$ 3,130,827	\$ 3,808,770
1.53%	2.03%	1.53%	1.22%	0.42%	2.78%
\$ 94,006	\$ 94,622	\$ 88,969	\$ 93,098	\$ 91,832	\$ 94,542
<u>(94,006)</u>	<u>(94,622)</u>	<u>(88,969)</u>	<u>(93,098)</u>	<u>(91,832)</u>	<u>(94,542)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 9,400,569	\$ 9,462,246	\$ 8,896,931	\$ 9,309,831	\$ 9,183,177	\$ 9,454,169
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

**River View Local School District**  
**Coshocton County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2018*

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**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 the following:
  - 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 the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disable member was updated to the following:
  - 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***

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

**River View Local School District**  
**Coshocton County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2018*

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**Note 2 - Net OPEB Liability**

***Changes in Assumptions – SERS***

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation

Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

***Changes in Assumptions – STRS***

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and 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.

Also 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.

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**RIVER VIEW LOCAL SCHOOL DISTRICT  
COSHOCOTON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/ Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>(Passed Through Ohio Department of Education)</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Program):			
National School Lunch Program	10.555	2018	\$54,379
Cash Assistance:			
National School Breakfast Program	10.553	2018	150,114
National School Lunch Program	10.555	2018	412,942
Cash Assistance Subtotal			<u>563,056</u>
Total Child Nutrition Cluster			<u>617,435</u>
Total U.S. Department of Agriculture			617,435
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>(Passed Through Ohio Department of Education)</i>			
Title I Grants to Local Educational Agencies:			
Title I Grants to Local Educational Agencies	84.010	S010A160035	56,414
Title I Grants to Local Educational Agencies	84.010	S010A170035	390,919
Total Title I Grants to Local Educational Agencies			<u>447,333</u>
Special Education Cluster (IDEA):			
Special Education - Grants to States (IDEA, Part B)	84.027	H027A160111	27,337
Special Education - Grants to States (IDEA, Part B)	84.027	H027A170111	428,477
Total - Special Education - Grants to States (IDEA, Part B)			<u>455,814</u>
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A160119	1,580
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A170119	8,843
Total - Special Education - Preschool Grants (IDEA Preschool)			<u>10,423</u>
Total Special Education Cluster (IDEA)			<u>466,237</u>
Rural Education	84.358	S358160035	11,438
Supporting Effective Instruction State Grants:			
Supporting Effective Instruction State Grants	84.367	S367A160034	12,763
Supporting Effective Instruction State Grants	84.367	S637A170034	70,386
Total Supporting Effective Instruction State Grants			<u>83,149</u>
Total U.S. Department of Education			1,008,157
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>(Passed through the Coshocton County Department of Job and Family Services)</i>			
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	N/A	45,000
Total TANF Cluster			<u>45,000</u>
Total U.S. Department of Health and Human Services			<u>45,000</u>
<b>Total Schedule of Expenditures of Federal Awards</b>			<u><u>\$1,670,592</u></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, 2018**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the River View Local School District (the School District) under programs of the federal government for the year ended June 30, 2018. 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 reported 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 - 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 E – FOOD DONATION PROGRAM**

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

**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, 2018  
(Continued)**

**NOTE F- 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 District transferred the following amounts from 2018 to 2019 programs:

<b><u>Program Title</u></b>	<b><u>CFDA Number</u></b>	<b><u>Amt. Transferred</u></b>
Title I Grants to Local Educational Agencies	84.010	\$ 135,233
Special Education - Grants to States	84.027	\$ 34,998
Special Education - Preschool Grants	84.173	\$ 2,167
Total Education Cluster		\$ 37,165
Rural Education	84.358	\$ 37,023
Supporting Effective Instruction State Grants	84.367	\$ 45,882
Student Support and Academic Enrichment	84.424	\$ 11,587

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# OHIO AUDITOR OF STATE KEITH FABER



## 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, 2018, 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 6, 2019, wherein, we noted the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

### ***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 opinion 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

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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 6, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH 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 each Major Federal Program***

We have audited the River View Local School District's, Coshocton County, Ohio (the School District's), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the River View Local School District's major federal programs for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

***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 programs.

***Auditor's Responsibility***

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs 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 each of the School District's major programs. However, our audit does not provide a legal determination of the School District's compliance.

***Basis for Qualified Opinion on the Child Nutrition Cluster***

As described in Finding 2018-001 in the accompanying Schedule of Findings, the School District did not comply with requirements regarding Special Tests and Provisions – Verification of Free and Reduced Price Applications applicable to its CFDA #'s 10.553 and 10.555 Child Nutrition Cluster major federal program. Compliance with this requirement is necessary, in our opinion, for the School District to comply with requirements applicable to this program.

***Qualified Opinion on the Child Nutrition Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Child Nutrition Cluster* paragraph, the River View Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Child Nutrition Cluster* for the year ended June 30, 2018.

***Unmodified Opinion on the Other Major Federal Program***

In our opinion, the River View Local School District complied in all material respects with the requirements referred to above that could directly and materially affect its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended June 30, 2018.

***Other Matters***

The School District's response to our noncompliance finding is described in the accompanying Corrective Action Plan. We did not subject the School District's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

***Report on Internal Control Over Compliance***

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected or corrected. A *significant deficiency in internal over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying Schedule of Findings as item 2018-001.

The School District's response to our internal control over compliance finding is described in the accompanying Corrective Action Plan. We did not subject the School District's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

A handwritten signature in black ink, appearing to read "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio

March 6, 2019

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**RIVER VIEW LOCAL SCHOOL DISTRICT  
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2018**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	
	<ul style="list-style-type: none"> <li>• Child Nutrition Cluster – Qualified</li> <li>• Title I Grants to Local Educational Agencies - Unmodified</li> </ul>	
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	
	<ul style="list-style-type: none"> <li>• Child Nutrition Cluster – CFDA #10.553 and 10.555</li> <li>• Title I Grants to Local Educational Agencies – CFDA #84.010</li> </ul>	
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

None

**RIVER VIEW LOCAL SCHOOL DISTRICT  
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2018  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS**

<b>Finding Number</b>	2018-001		
<b>CFDA Title and Number</b>	Child Nutrition Cluster: School Breakfast Program CFDA #10.553 National School Lunch Program CFDA #10.555		
<b>Federal Award Identification Number / Year</b>	2018		
<b>Federal Agency</b>	U.S. Department of Agriculture		
<b>Compliance Requirement</b>	Special Tests and Provisions – Verification of Free and Reduced Price Applications (NSLP)		
<b>Pass-Through Entity</b>	Ohio Department of Education		
<b>Repeat Finding from Prior Audit?</b>	Yes	<b>Finding Number (if repeat)</b>	2017-002

**Noncompliance and Material Weakness**

7 CFR Part 245.6a required the School District to verify select free and reduced food service applications. The verification process included selecting a sample of applications and obtaining written documentation regarding income. 7 CFR Part 245.6a, paragraph (a)(iii)(7) documented that sources of information for verification include written evidence, collateral contacts, and systems of records. Written evidence shall be used as the primary source of information for verification. Written evidence includes written confirmation of a household’s circumstances, such as wage stubs, award letters, and letters from employers. Whenever written evidence is insufficient to confirm income information on the application or current eligibility, the local educational agency may require collateral contacts. Collateral contacts are verbal confirmations of a household’s circumstances by a person outside of the household. Agency records to which the State agency or local educational agency may have access can also be utilized for verification.

The School District selected six applications for verification. Two families did not provide written evidence that would be maintained to support the free meal status for their families. 7 CFR Part 245.6a paragraph (j) documented that if verification activities fail to confirm eligibility for free or reduced price benefits or should the household fail to cooperate with verification efforts, the school or local educational agency shall reduce or terminate benefits, as applicable. As no support was provided or maintained, the families that did not provide support should not have been given a free meal benefit and should have been charged the full price for lunches. Furthermore, this would have led to receiving less program income from providing meals as well as being over reimbursed for claimed meals relating to this family’s actual benefit usage. Additionally, another family originally received a free meal benefit based upon their application documenting a family of five with monthly income of \$2,925. However, upon verification, this family provided documentation that indicated their monthly income was \$3,477. Based upon this income and family size, the family should have received a reduced meal benefit instead of a free meal benefit. However, the family’s meal benefit was not adjusted, and they continued to receive a free meal benefit.



RIVER VIEW LOCAL SCHOOL DISTRICT  
COSHOCTON COUNTY

SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2018  
(Continued)

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

**Noncompliance and Material Weakness - 7 CFR Part 245.6a (Continued)**

The School District should review the annual "Ohio Department of Education Office for Child Nutrition Verification Instruction Manual" as well as the Federal requirements outlined within 7 CFR Part 245.6a. All verifications should be performed in accordance with the manual and be performed by someone other than the original verifying official on the initial application. When insufficient support is provided, the School District should consider performing verification by collateral contacts. When that cannot be reasonably performed, the School District should terminate the food service benefits of the family. Additionally, all income documentation should be reviewed to ensure that amounts entered into the food service management system are correct. These procedures will help to ensure that benefits are correctly calculated and provided as well as help to ensure that the School District is not over or under reimbursed for claimed free and reduced lunches.

**Officials' Response:** See Corrective Action Plan.



OFFICE OF THE TREASURER

*River View Local School District*

26496 S.R. 60 N. - WARSAW, OHIO 43844  
(740) 824-3521

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR 200.511(b)**  
**JUNE 30, 2018**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	The School District sold Pleasant Valley School building and received \$114,514. There was no outstanding debt related to the building and the proceeds were reported in the General Fund of the District; however, the revenue should have been reported in the Permanent Improvement Fund.	Corrected	The District corrected the reporting error and proceeds were reported in the Permanent Improvement Fund.
2017-002 2016-001	The verification process of verifying free and reduced food service applications was not completed accurately.	Not Corrected	See Corrective Action Plan for Current Audit.



**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**JUNE 30, 2018**

<b>Finding Number</b>	<b><i>Planned Corrective Action</i></b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2018-001	A new food service coordinator has been hired by the District. She has received training on the verification process from ODE and has implemented procedures to comply with federal requirements.	October 31, 2018	Kendra Whiteus, Food Service Coordinator

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**RIVER VIEW LOCAL SCHOOL DISTRICT**

**COSHOCTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 21, 2019**