



**RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT
WAYNE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2009



Mary Taylor, CPA
Auditor of State

**RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT
WAYNE COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Rittman Exempted Village School District
Wayne County
75 North Main Street
Rittman, Ohio 44270

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Rittman Exempted Village School District, Wayne County, Ohio, (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rittman Exempted Village School District, Wayne County, Ohio, as of June 30, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2010 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Mary Taylor, CPA
Auditor of State

January 27, 2010

Rittman Exempted Village School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2009

The discussion and analysis of the Rittman Exempted Village School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. 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 2009 are as follows:

- General revenues accounted for \$26,613,897 in revenue or 94% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$1,752,441 or 6% of total revenues of \$28,366,338.
- Total program expenses were \$10,099,552 in Governmental Activities.
- In total, net assets of Governmental Activities increased \$18,266,786, which represents a 356% increase from 2008.
- Outstanding bonds decreased \$169,077, through the payment of school improvement bonds.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2009?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities*, excluding fiduciary funds, using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net assets* and *changes in those assets*. This change in net assets 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 Assets and the Statement of Activities, the School District activities are listed as Governmental:

- Governmental Activities – All of the School District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation, food service operations and extracurricular activities.

Rittman Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for 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 and the Classroom Facilities Fund.

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

Proprietary Funds - The School District maintains a 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 predominantly benefits governmental rather than business-type functions, it has been included within the governmental activities in the government-wide financial statements.

The proprietary fund financial statements begin on page 18.

The School District was self-insured for its medical and dental insurance programs until February 29, 2008. On March 1, 2008, the School District became a member of the Portage Area School Consortium Health and Welfare Insurance Pool, a shared risk pool.

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

The fiduciary fund financial statement is on page 21.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 22.

Rittman Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2009 compared to 2008:

(Table 1)
Net Assets

	Governmental Activities	
	2009	2008
Assets		
Current and Other Assets	\$ 27,151,250	\$ 10,343,082
Capital Assets	10,337,849	9,560,055
Total Assets	37,489,099	19,903,137
Liabilities		
Long-Term Liabilities	9,511,048	9,724,685
Other Liabilities	4,584,611	5,051,798
Total Liabilities	14,095,659	14,776,483
Net Assets		
Invested in Capital		
Assets Net of Debt	1,991,638	883,444
Restricted	19,367,009	2,412,558
Unrestricted (Deficit)	2,034,793	1,830,652
Total Net Assets	\$ 23,393,440	\$ 5,126,654

Total assets increased \$17,585,962. This increase was primarily due to the School District being awarded an Ohio School Facilities Commission grant of \$17,156,037 in 2009, most of which was still receivable at June 30, 2009.

Total liabilities decreased \$680,824. This decrease was the result of a decrease in deferred revenue due to reduction in taxes from the phasing out of personal property tax and the payment of debt.

As a result of the above, overall net assets of the School District increased \$18,266,786, or 356% compared to fiscal year 2008.

Rittman Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

Table 2 shows the changes in net assets for fiscal year 2009 compared to 2008.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2009	2008
Revenues		
<i>Program Revenues:</i>		
Charges for Services and Sales	\$ 502,481	\$ 543,857
Operating Grants and Contributions	1,049,965	1,099,391
Capital Grants and Contributions	199,995	59,916
<i>General Revenues:</i>		
Property Taxes	3,916,503	3,778,797
Grants and Entitlements, Not Restricted	5,491,814	4,843,867
Grants and Entitlements, Restricted	17,013,777	0
Other	191,803	365,210
Total Revenues	28,366,338	10,691,038
Program Expenses		
Instruction	5,631,383	5,480,195
Support Services	3,352,777	3,080,804
Extracurricular Activities	160,133	141,817
Interest and Fiscal Charges	458,782	312,383
Food Services	496,477	483,389
Total Expenses	10,099,552	9,498,588
Increase in Net Assets	\$ 18,266,786	\$ 1,192,450

General revenue totaled \$26,613,897 which is approximately 94 percent of total revenue. The most significant portion of the general revenues is intergovernmental revenues which account for 79 percent of total revenues. The intergovernmental revenues consist of State foundation, homestead and rollback, personal property tax exemption and OFSC grant money that will be used to build a new high school/middle school facility. Property taxes account for approximately 14 percent of total revenue and other revenue accounts for 1 percent of total revenues. The remaining amount of revenue received was in the form of program revenues, which equaled \$1,752,441 or 6 percent of total revenue.

Total expenses increased \$600,964, or 6 percent from 2008. The largest contributors to this increase were a \$261,843 increase in regular instruction expenditures, a \$271,573 increase in support services expenditures and a \$146,399 increase in interest payments on debt.

Rittman Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activities had total revenues of \$28,366,338 and expenses of \$10,099,552.

(Table 3)
Governmental Activities

	2009		2008	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 5,631,383	\$ (4,776,251)	\$ 5,480,194	\$ (4,575,691)
Support Services:				
Pupil and Instructional Staff	880,089	(800,777)	878,699	(772,776)
Board of Education, Administration and Fiscal	1,099,241	(1,009,036)	1,056,446	(948,641)
Operation and Maintenance of Plant	1,080,081	(883,998)	941,689	(863,204)
Pupil Transportation	293,366	(289,454)	203,970	(202,162)
Operation of Non-Instructional Extracurricular Activities	496,477	(33,257)	483,389	(51,830)
Interest Charges	160,133	(95,556)	141,817	(68,737)
Total	<u>\$ 10,099,552</u>	<u>\$ (8,347,111)</u>	<u>\$ 9,498,587</u>	<u>\$ (7,795,424)</u>

Instruction and Student Support Services comprise 64 percent of governmental program expenses. Pupil transportation and the operation/maintenance of plant account for 14 percent of governmental program expenses.

The dependence upon tax revenues and general revenue entitlements from the State for governmental activities is apparent. The community, as a whole, is the primary support for Rittman Exempted Village School District students.

The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues (including other financing sources) of \$16,788,049 and expenditures (including other financing uses) of \$13,297,148. The net change in fund balances for the year was most significant in the General and Classroom Facilities funds. The General fund balance increased \$965,054 due to revenues continuing to exceed expenditures. The \$3,734,229 increase in the Classroom Facilities fund was the result of OSFC grant revenues exceeding capital outlay expenditures on construction projects. Additionally, \$2,170,036 was transferred into the Classroom Facilities fund, which represented the School District's local share of the OSFC project.

Rittman Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

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 2009, there were changes to the School District's total general fund budget. The School District uses site-based budgeting and the budgeting system which are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budget basis revenue of \$9,770,882 showed a \$428,982 increase from the original budget estimates. The School District begins the fiscal year with a temporary budget. This is updated in September with Board approval of the permanent appropriations. Budget adjustments are made throughout the year as updated information becomes available.

Actual revenues (including other financing sources) of \$9,796,809 were \$25,927 more than the final budgeted amounts. This amount is insignificant.

Final expenditures (including other financing uses) of \$9,197,068 were \$839,565 lower than the \$10,036,633 in the final budget. The major areas of this decrease were in regular instruction, extracurricular activities and money being transferred from the general fund.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the School District had \$10,337,849 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. Table 4 shows fiscal year 2009 and 2008 balances net of depreciation.

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

	Governmental Activities	
	2009	2008
Land	\$ 142,554	\$ 142,554
Land Improvements	241,241	229,146
Buildings and Improvements	8,113,377	8,367,333
Furniture and Equipment	606,443	707,771
Vehicles	153,081	113,251
Construction in Progress	1,081,153	0
Totals	\$ 10,337,849	\$ 9,560,055

The \$777,794 increase in capital assets was attributable to the total effect of additional purchases exceeding depreciation expense. In 2009, the School District began a large OSFC construction project. See Note 8 to the basic financial statements for detail of the School District's capital assets.

Rittman Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

House Bill 345 requires the School District to set aside \$166.95 per pupil in each of two areas, one for the purchase of textbooks and materials related to instruction and the other for capital outlay. For fiscal year 2009, this amounted to \$164,885 for each set aside. The School District had qualifying disbursements or offsets exceeding these requirements for textbooks and instructional materials and capital improvements. More detailed information is presented in Note 18.

Debt

At June 30, 2009, the School District had \$8,864,591 in bonds outstanding with \$299,221 due within one year. Table 5 summarizes bonds outstanding. See Note 12 for additional details on the School District's long-term obligations.

(Table 5)
Outstanding Debt, at June 30

	2009	2008
OSFC Construction Bonds		
Construction Bonds	\$ 0	\$ 250,000
Capital appreciation bonds	405,000	405,000
Accretion on capital appreciation bonds	266,606	201,442
2007 School Improvement Refunding Bonds		
Serial and Term Bonds	7,725,000	7,775,000
Capital appreciation bonds	204,993	204,993
Accretion on capital appreciation bonds	124,318	52,530
Unamortized Premium	465,989	486,249
Refunding Loss	(327,315)	(341,546)
	\$ 8,864,591	\$ 9,033,668

On June 17, 2004, the School District issued \$9,499,997 of voted general obligation bonds, which includes serial, term and capital appreciation (deep discount) bonds. The bonds were issued for the purpose of various construction and renovation projects throughout the School District.

On October 25, 2007, the School District issued \$8,124,993 of voted general obligation bonds, which includes serial, term and capital appreciation (deep discount) bonds. The bonds advance refunded \$8,125,000 of outstanding 2004 School Improvement General Obligation Bonds.

Current Issues

Rittman Exempted Village School District receives approximately 57% of its general revenue from the State. The School District does receive additional revenue for increased enrollment, but the State budget approved for the 2009 – 2010 fiscal year included a cap of 1% on any increases in State funding. The School District enrollment did increase slightly. Future enrollment projections show a stabilizing of the School District enrollment. With a stabilizing of enrollment and a drop in total School District valuation caused by the elimination of tangible personal property tax brought about in HB66, the School District will see an increase in state funding but the increase will be capped at 1%.

Rittman Exempted Village School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2009

The School District was notified that it was eligible to participate in the Ohio School Facilities Commission (OSFC) Classroom Facilities Assistance Program. In November 2007, School District voters approved a ½ mill maintenance levy required by OSFC. The School District formally approved to participate in April 2008. Bids were accepted in August 2009 to build a new grade 6 through 12 building. The plan is to open the new building in the fall of 2011.

The School District has also been affected by changes in the personal property tax structure (utility deregulation) commercial business/property uncertainties and the elimination of tangible personal property taxes. Management has diligently planned expenses so that the last levy has stretched for more than the five years it was planned. Management has reduced staff through attrition over the past three years. This has been made increasingly difficult with mandates in gifted education, rising utility costs, costs of federal No Child Left Behind, increased special education services required for our students, and significant increases in health insurance and property/liability/fleet insurance.

With House Bill 920, current levies do not provide inflationary revenue growth as valuation increases, with the exception of inside millage and new construction. Thus, as a School District dependent upon property tax and a decline in the State Foundation and with changes in the Ohio tax structure, the School District will need to request property tax increases to maintain a constant level of service.

The School District relies on its local property taxpayers. In May 2006, the School District passed a five-year emergency levy for \$950,000. In May of 2009, the School District renewed a Permanent Improvement levy that covers capital expenditures for the District.

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 Mark Dickerhoof, Treasurer of Rittman Exempted Village School District, 75 North Main Street, Rittman, Ohio 44270.

Rittman Exempted Village School District

Statement of Net Assets

June 30, 2009

	Primary Government Governmental Activities	Component Unit Rittman Academy
Assets		
Equity in Pooled Cash and Investments	\$ 4,801,634	\$ 306,011
Cash in Segregated Accounts	2,715,279	0
Investments in Segregated Accounts	1,168,441	0
Receivables:		
Taxes	3,589,714	0
Accounts	18,402	0
Intergovernmental	14,709,107	256
Inventory Held For Resale	10,800	0
Deferred Charges	137,873	0
Nondepreciable Capital Assets	1,223,707	0
Depreciable Capital Assets, Net	9,114,142	68,965
<i>Total Assets</i>	<u>37,489,099</u>	<u>375,232</u>
Liabilities		
Accounts Payable	60,543	0
Contracts Payable	223,883	0
Accrued Wages and Benefits	907,185	0
Accrued Vacation Payable	7,481	0
Matured Compensated Absences Payable	29,901	0
Accrued Interest Payable	26,373	0
Intergovernmental Payable	214,516	32,126
Deferred Revenue	3,114,729	0
Long Term Liabilities:		
Due Within One Year	309,637	0
Due in More Than One Year	9,201,411	0
<i>Total Liabilities</i>	<u>14,095,659</u>	<u>32,126</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	1,991,638	68,965
Restricted for:		
Capital Projects	18,500,028	0
Debt Service	639,664	0
Other Purposes	131,018	967
Budget Reserve	96,299	0
Unrestricted	2,034,793	273,174
<i>Total Net Assets</i>	<u>\$ 23,393,440</u>	<u>\$ 343,106</u>

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Activities	Unit Rittman Academy
Governmental Activities						
Instruction:						
Regular	\$ 4,651,571	\$ 237,972	\$ 85,075	\$ 0	\$ (4,328,524)	\$ 0
Special	861,526	1,700	508,169	0	(351,657)	0
Vocational	72,018	0	22,216	0	(49,802)	0
Student Intervention Services	46,268	0	0	0	(46,268)	0
Support Services:						
Pupils	367,770	3,480	39,214	0	(325,076)	0
Instructional Staff	512,319	0	36,618	0	(475,701)	0
Board of Education	49,970	0	0	0	(49,970)	0
Administration	745,700	0	46,555	0	(699,145)	0
Fiscal	303,571	0	43,650	0	(259,921)	0
Operation and Maintenance of Plant	1,080,081	0	0	196,083	(883,998)	0
Pupil Transportation	293,366	0	0	3,912	(289,454)	0
Operation of Non-Instructional Services:						
Food Service Operations	496,477	197,047	266,173	0	(33,257)	0
Extracurricular Activities	160,133	62,282	2,295	0	(95,556)	0
Interest and Fiscal Charges	458,782	0	0	0	(458,782)	0
<i>Total Governmental Activities</i>	<u>\$ 10,099,552</u>	<u>\$ 502,481</u>	<u>\$ 1,049,965</u>	<u>\$ 199,995</u>	<u>(8,347,111)</u>	<u>0</u>
Component Unit						
Rittman Academy	<u>\$ 215,070</u>	<u>\$ 0</u>	<u>\$ 3,395</u>	<u>\$ 0</u>	<u>0</u>	<u>(211,675)</u>
General Revenues						
Property Taxes Levied for:						
General Purposes					3,231,496	0
Debt Service					499,161	0
Capital Outlay					185,846	0
Grants and Entitlements not Restricted to Specific Programs					5,491,814	268,314
Grants and Entitlements Restricted for Ohio School Facilities Commission					17,013,777	0
Investment Earnings					101,566	0
Miscellaneous					90,237	0
<i>Total General Revenues</i>					<u>26,613,897</u>	<u>268,314</u>
<i>Change in Net Assets</i>					18,266,786	56,639
<i>Net Assets Beginning of Year</i>					<u>5,126,654</u>	<u>286,467</u>
<i>Net Assets End of Year</i>					<u>\$ 23,393,440</u>	<u>\$ 343,106</u>

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District

Balance Sheet

Governmental Funds

June 30, 2009

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Investments	\$ 3,407,324	\$ 0	\$ 1,023,584	\$ 4,430,908
Restricted Cash and Investments	96,299	0	0	96,299
Cash in Segregated Accounts	0	2,715,279	0	2,715,279
Investments in Segregated Accounts	0	1,168,441	0	1,168,441
Receivables:				
Taxes	2,968,219	0	621,495	3,589,714
Accounts	576	0	1,091	1,667
Intergovernmental	13,423	14,627,270	68,414	14,709,107
Inventory Held For Resale	0	0	10,800	10,800
<i>Total Assets</i>	<u>\$ 6,485,841</u>	<u>\$ 18,510,990</u>	<u>\$ 1,725,384</u>	<u>\$ 26,722,215</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 41,846	\$ 5,988	\$ 12,709	\$ 60,543
Contracts Payable	0	223,883	0	223,883
Accrued Wages and Benefits	830,219	0	76,966	907,185
Accrued Vacation Payable	7,481	0	0	7,481
Matured Compensated Absences Payable	29,901	0	0	29,901
Intergovernmental Payable	188,399	0	26,117	214,516
Deferred Revenue	2,659,355	14,546,890	612,762	17,819,007
<i>Total Liabilities</i>	<u>3,757,201</u>	<u>14,776,761</u>	<u>728,554</u>	<u>19,262,516</u>
Fund Balances				
Fund Balances:				
Reserved for Encumbrances	96,387	1,404,770	139,743	1,640,900
Reserved for Property Taxes	322,287	0	69,013	391,300
Reserved for Budget Stabilization	96,299	0	0	96,299
Unreserved:				
Undesignated, Reported in:				
General Fund	2,213,667	0	0	2,213,667
Special Revenue Funds	0	0	124,523	124,523
Debt Service Fund	0	0	597,939	597,939
Capital Projects Funds	0	2,329,459	65,612	2,395,071
<i>Total Fund Balances</i>	<u>2,728,640</u>	<u>3,734,229</u>	<u>996,830</u>	<u>7,459,699</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 6,485,841</u>	<u>\$ 18,510,990</u>	<u>\$ 1,725,384</u>	<u>\$ 26,722,215</u>

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2009*

Total Governmental Fund Balances \$ 7,459,699

*Amounts reported for governmental activities in the
 statement of net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 10,337,849

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

Grants	\$ 14,607,170
Delinquent Property Taxes	83,685
Charges for Services	<u>13,423</u>

Total 14,704,278

In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued. 137,873

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due. (26,373)

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 291,162

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Capital Lease Payable	(10,416)
General Obligation Bonds	(7,725,000)
Capital Appreciation Bonds	(609,993)
Bond Accretion	(390,924)
Unamortized Bond Premium	(465,989)
Refunding Loss	327,315
Compensated Absences	<u>(636,041)</u>

Total (9,511,048)

Net Assets of Governmental Activities \$ 23,393,440

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Local Taxes	\$ 3,231,543	\$ 0	\$ 686,392	\$ 3,917,935
Intergovernmental	5,585,601	2,609,147	1,025,358	9,220,106
Investment Income	62,579	38,987	0	101,566
Tuition and Fees	229,341	0	0	229,341
Rent	10,330	0	0	10,330
Extracurricular Activities	17,676	0	44,607	62,283
Gifts and Donations	0	0	3,195	3,195
Charges for Services	0	0	200,528	200,528
Miscellaneous	4,707	3,200	82,330	90,237
<i>Total Revenues</i>	<u>9,141,777</u>	<u>2,651,334</u>	<u>2,042,410</u>	<u>13,835,521</u>
Expenditures				
Current:				
Instruction:				
Regular	4,281,196	0	100,638	4,381,834
Special	642,129	0	235,127	877,256
Vocational	67,129	0	1,964	69,093
Student Intervention Services	46,268	0	0	46,268
Other	2,964	0	0	2,964
Support Services:				
Pupils	263,821	0	109,868	373,689
Instructional Staff	469,926	0	40,684	510,610
Board of Education	49,970	0	0	49,970
Administration	690,894	0	56,507	747,401
Fiscal	285,762	0	26,197	311,959
Operation and Maintenance of Plant	988,681	0	0	988,681
Pupil Transportation	265,806	0	0	265,806
Extracurricular Activities	122,177	0	37,956	160,133
Operation of Non-instructional Services:				
Food Service Operations	0	0	483,586	483,586
Capital Outlay	0	1,087,141	117,651	1,204,792
Debt Service:				
Principal Retirement	0	0	330,366	330,366
Interest and Fiscal Charges	0	0	322,704	322,704
<i>Total Expenditures</i>	<u>8,176,723</u>	<u>1,087,141</u>	<u>1,863,248</u>	<u>11,127,112</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>965,054</u>	<u>1,564,193</u>	<u>179,162</u>	<u>2,708,409</u>
Other Financing Sources (Uses)				
Proceeds from the Sale of Capital Assets	0	0	500	500
Transfers In	781,992	2,170,036	0	2,952,028
Transfers Out	(781,992)	0	(1,388,044)	(2,170,036)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>2,170,036</u>	<u>(1,387,544)</u>	<u>782,492</u>
<i>Net Change in Fund Balances</i>	965,054	3,734,229	(1,208,382)	3,490,901
<i>Fund Balances Beginning of Year</i>	<u>1,763,586</u>	<u>0</u>	<u>2,205,212</u>	<u>3,968,798</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,728,640</u>	<u>\$ 3,734,229</u>	<u>\$ 996,830</u>	<u>\$ 7,459,699</u>

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
*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, 2009*

Net Change in Fund Balances - Total Governmental Funds \$ 3,490,901

*Amounts reported for governmental activities in the
state statement of activities are different because:*

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

Capital Asset Additions	\$ 1,216,279	
Current Year Depreciation	(434,565)	
Total		781,714

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (3,920)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Grants	14,532,249	
Delinquent Property Taxes	(1,432)	
Charges for Services	13,423	
Total		14,544,240

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

Bond Principal	300,000	
Capital Leases	30,366	
Total		330,366

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. Funds report the effects of premiums and issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Accrued Interest	839	
Accretion on Capital Appreciation Bonds	(136,952)	
Refunding Loss Amortization	(14,231)	
Bond Premium Amortization	20,260	
Total		(130,084)

In statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued. (5,994)

Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 14,194

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 fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (754,631)

Change in Net Assets of Governmental Activities \$ 18,266,786

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual*
 General Fund
 For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Taxes	\$ 3,550,000	\$ 3,553,341	\$ 3,103,730	\$ (449,611)
Intergovernmental	5,481,900	5,907,541	5,585,601	(321,940)
Investment Income	60,000	60,000	64,008	4,008
Tuition and Fees	220,000	220,000	229,332	9,332
Rentals	10,000	10,000	10,330	330
Extracurricular Activities	15,000	15,000	17,676	2,676
Miscellaneous	5,000	5,000	4,140	(860)
<i>Total Revenues</i>	<u>9,341,900</u>	<u>9,770,882</u>	<u>9,014,817</u>	<u>(756,065)</u>
Expenditures				
Current:				
Instruction:				
Regular	4,649,852	4,680,496	4,404,626	275,870
Special	818,158	745,666	654,967	90,699
Vocational	123,204	77,204	76,199	1,005
Student Intervention Services	98,335	48,335	46,268	2,067
Support Services:				
Pupils	367,871	270,071	262,843	7,228
Instructional Staff	587,289	492,935	476,905	16,030
Board of Education	67,037	72,710	48,647	24,063
Administration	745,904	666,896	686,592	(19,696)
Fiscal	304,479	323,034	281,171	41,863
Operation and Maintenance of Plant	1,367,959	1,125,606	1,083,880	41,726
Pupil Transportation	256,575	291,242	271,232	20,010
Extracurricular Activities	150,000	242,438	121,729	120,709
<i>Total Expenditures</i>	<u>9,536,663</u>	<u>9,036,633</u>	<u>8,415,059</u>	<u>621,574</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(194,763)</u>	<u>734,249</u>	<u>599,758</u>	<u>(134,491)</u>
Other Financing Sources (Uses)				
Other Financing Uses	0	0	(17)	(17)
Transfers In	0	0	781,992	781,992
Transfers Out	0	(1,000,000)	(781,992)	218,008
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(1,000,000)</u>	<u>(17)</u>	<u>999,983</u>
<i>Net Change in Fund Balance</i>	(194,763)	(265,751)	599,741	865,492
<i>Fund Balance Beginning of Year</i>	2,566,273	2,566,273	2,566,273	0
Prior Year Encumbrances Appropriated	212,018	212,018	212,018	0
<i>Fund Balance End of Year</i>	<u>\$ 2,583,528</u>	<u>\$ 2,512,540</u>	<u>\$ 3,378,032</u>	<u>\$ 865,492</u>

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
Statement of Fund Net Assets
Proprietary Fund
June 30, 2009

	<u>Governmental Activities - Internal Service Fund</u>
Assets	
Equity in Pooled Cash and Investments	\$ 274,427
Accounts Receivable	<u>16,735</u>
<i>Total Assets</i>	<u><u>\$ 291,162</u></u>
Net Assets	
Unrestricted	<u><u>\$ 291,162</u></u>

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
Statement of Revenues, Expenditures, and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2009

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for Services	\$ 88,947
Operating Expenses	
Claims	61,586
<i>Income Before Operating Transfers</i>	27,361
Transfers Out	(781,992)
<i>Change in Net Assets</i>	(754,631)
<i>Net Assets Beginning of Year</i>	1,045,793
<i>Net Assets End of Year</i>	\$ 291,162

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2009

	<u>Governmental Activities - Internal Service Fund</u>
<i>Decrease in Cash and Cash Equivalents</i>	
Cash Flows From Operating Activities	
Cash Received for Interfund Services	\$ 912
Cash Payments for Claims	<u>(72,387)</u>
<i>Net Cash Used For Operating Activities</i>	<u>(71,475)</u>
Cash Flows From Non-Capital Financing Activities	
Transfers Out	<u>(781,992)</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(853,467)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,127,894</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$ 274,427</u></u>
Reconciliation of Operating Income to Net Cash Used For Operating Activities	
<i>Operating Income</i>	<u>\$ 27,361</u>
Adjustments:	
Increase in Assets	
Accounts Receivable	(16,735)
Decrease in Liabilities	
Accounts Payable	(71,300)
Claims Payable	<u>(10,801)</u>
<i>Net Cash Used For Operating Activities</i>	<u><u>\$ (71,475)</u></u>

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2009

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Investments	\$ 6,727
Accounts Receivable	<u>50</u>
<i>Total Assets</i>	<u><u>\$ 6,777</u></u>
Liabilities	
Due to Students	<u><u>\$ 6,777</u></u>

See accompanying notes and accountant's compilation report.

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 1 – Description of the School District

The Rittman Exempted Village School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by state and federal agencies. Average daily membership on, or as of, October 1, 2008, was 1,020. The School District employs 103 certificated and 54 non-certificated employees.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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.

Discretely Presented Component Unit – The component unit column in the entity-wide financial statements identify the financial data of the School District's component unit, the Rittman Academy, which is reported separately to emphasize that it is legally separate from the School District.

Rittman Academy – Rittman Academy (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to educate students in kindergarten through twelfth grade. The Academy, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy. The Academy may acquire facilities as needed and contract for any services necessary for the operation of the school. The Academy is fiscally dependent on the School District for all accounting and fiscal purposes and is, therefore, presented as a component unit of the School District. Financial statements can be obtained from the Rittman Academy, 75 North Main Street, Rittman, Ohio 44270.

The School District participates in one jointly governed organization and two insurance purchasing pools. These organizations are the Tri-County Computer Services Association, the Portage Area School Consortium and the Ohio School Boards Association Workers' Compensation Group Rating Program. They are presented in Notes 15 and 16.

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets presents the financial condition of the governmental activities of the School District at 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 limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. 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. There are three categories of funds: governmental, proprietary, and fiduciary.

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

Classroom Facilities Fund The Classroom Facilities Fund accounts for monies received and expended in connection with contracts entered into by the School District and the Ohio Department of Education for the building and equipping of classroom facilities.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

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

Internal Service Fund The Internal Service Fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee medical, dental and prescription drug benefits. This self-insurance program ceased on March 1, 2008 when the School District contracted with Portage Area School Consortium Health and Welfare Insurance Pool (the Consortium), to provide employee medical/surgical benefits.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary fund is an agency fund that accounts for student activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenditures) in total net assets.

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the fund are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund activity.

Fiduciary funds are reported using the economic resources measurement focus and are excluded from the government-wide financial statements.

D. Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected 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.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. 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 nonexchange 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.

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 2 - Summary of Significant Accounting Policies (Continued)

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "Operating Grants and Contributions" program revenue account.

Under the modified accrual basis, 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. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

During fiscal year 2009, the School District investments included a repurchase agreement, STAROhio (the State Treasury Asset Reserve) and various securities. See Note 5 for a full listing of the School District's investments.

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

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2009. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2009.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the General Fund during fiscal year 2009 amounted to \$62,579, which includes \$15,214 assigned from other School District funds.

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as "equity in pooled cash and investments". Investments with an original maturity of more than three months that are not made from the pool are reported as "investments".

F. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of donated food and purchased food held for resale.

G. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,000. 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 asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 - 50 Years
Buildings and Improvements	10 - 50 Years
Furniture and Equipment	5 - 20 Years
Vehicles	8 Years

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts required by statute to be set aside for budget stabilization. See Note 18 for additional information regarding set-asides.

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 2 - Summary of Significant Accounting Policies (Continued)

I. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for 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. These amounts are recorded as vacation benefits payable in the basic financial statements.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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.

J. 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 statement.

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 and 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. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

K. Net Assets

Net assets represent the difference between assets and liabilities. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2009, none of the School District's net assets were restricted by enabling legislation. Net assets restricted for other purposes primarily include instruction of students and extracurricular activities.

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

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 2 - Summary of Significant Accounting Policies (Continued)

L. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund balance reserves are established for encumbrances, property taxes, and budget stabilization.

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

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

N. Operating Revenues and Expenses

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

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

P. 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.

Q. Budgetary Data

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 sets 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.

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 2 - Summary of Significant Accounting Policies (Continued)

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 budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2009.

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

Encumbrances As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the fund financial statements, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on government-wide financial statements.

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

R. Changes in Accounting Principles

For the year ended June 30, 2009, the School District has implemented GASB Statement No. 52, "*Land and Other Real Estate Held as Investments by Endowments*", GASB Statement No. 55, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*", and GASB Statement No. 56, "*Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*".

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

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

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 3 – Accountability

Fund balances at June 30, 2009 included the following individual fund deficits:

	<u>Deficit Fund Balance</u>
Nonmajor Governmental Funds:	
Food Service	\$ 14,908
Title VI-B	16,989
Title I	6,458
Drug Free Schools	1,722
Title VI-R	6,899

The deficits in these governmental funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in the non-major governmental 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 and described above 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 for the general fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$ 965,054
Net Adjustment for Revenue Accruals	(126,960)
Net Adjustment for Expenditure Accruals	(120,259)
Encumbrances (Budget Basis)	<u>(118,094)</u>
Budget Basis	<u>\$ 599,741</u>

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 5 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, notes, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25 % of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 5 – Deposits and Investments (Continued)

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

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

Deposits - At fiscal year-end, the carrying amount of the School District's deposits was \$2,399,105 and the bank balance was \$2,491,084. Of the bank balance:

1. \$1,060,106 was covered by federal depository insurance; and
2. \$1,430,978 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments – Investments are reported at fair value. As of June 30, 2009, the School District had the following investments:

Rating by Moody	Entity	Fair Value	Investment Maturities				Percentage of Total Investment
			In Months (0-6)	In Months (7-12)	In Months (13-18)	In Months More than 24	
Aaa	National City Bank-Repurchase Agreement	\$ 100,000	\$ 100,000	\$ 0	\$ 0	\$ 0	1.59%
AAAm	STAROhio	3,900,038	3,900,038	0	0	0	61.97%
Aaa	Federal Home Loan Bank	773,722	0	102,344	313,314	358,064	12.30%
Aaa	Farm Credit Banks Cons	200,812	0	0	0	200,812	3.19%
Aaa	Farm Credit Banks	155,704	0	0	0	155,704	2.47%
Aaa	Federal Home Loan Discount	100,000	100,000	0	0	0	1.59%
Aaa	Federal Home Loan Mortgage	201,626	0	0	0	201,626	3.20%
Aaa	Fannie Mae	606,846	0	0	154,298	452,548	9.64%
Aaa	Freddie Mac	254,228	0	0	153,008	101,220	4.05%
		<u>\$ 6,292,976</u>	<u>\$ 4,100,038</u>	<u>\$ 102,344</u>	<u>\$ 620,620</u>	<u>\$ 1,469,974</u>	<u>100.00%</u>

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 5 – Deposits and Investments (Continued)

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment in repurchase agreements is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the School District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a repurchase agreement by 2%. The School District has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Credit Risk – The School District's investment credit ratings are summarized above. The School District's investments in the federal agency securities that underlie the School District's repurchase agreement were rated Aaa by Moody's Investor Services.

Concentration of Credit Risk – The School District places no limit on the amount the School District may invest in any one issuer. See percentage's above.

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at 35% of appraised market value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 with real property taxes. Public utility real property is assessed at 35% of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2009 (other than public utility property) represents the collection of 2009 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2008, on the value as of December 31, 2008. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero in 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 6 - Property Taxes (Continued)

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

The School District receives property taxes from Wayne and Medina County. The fiscal officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 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 revenue.

The amount available as an advance at June 30, 2009, was \$322,287 in the General Fund, \$56,100 in the Bond Retirement Debt Service Fund, and \$12,913 in the Permanent Improvements Capital Projects Fund.

On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred since it has not been received within the available period.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	Wayne County			
	2009 First Half Collections		2008 Second Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 104,661,500	98.27%	\$ 99,912,010	93.10%
Public Utility	37,550	0.04%	34,720	0.03%
Tangible Personal Property	1,799,771	1.69%	7,371,590	6.87%
	<u>\$ 106,498,821</u>	<u>100.00%</u>	<u>\$ 107,318,320</u>	<u>100.00%</u>
Tax rate per \$1,000 of Assessed Value	<u>\$ 63.35</u>		<u>\$ 63.35</u>	

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 6 - Property Taxes (Continued)

	Medina County			
	2009 First		2008 Second	
	Half Collections		Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 2,672,820	91.20%	\$ 2,386,780	89.58%
Tangible Personal Property	258,040	8.80%	277,675	10.42%
	<u>\$ 2,930,860</u>	<u>100.00%</u>	<u>\$ 2,664,455</u>	<u>100.00%</u>
Tax rate per \$1,000 of Assessed Value	<u>\$ 63.20</u>		<u>\$ 63.05</u>	

Note 7 - Receivables

Receivables at June 30, 2009 consisted of property taxes, accounts (billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current fiscal year guarantee of federal funds. All receivables except the Ohio School Facilities Commission grant are expected to be collected within one year.

During 2007, the voters of Medina County passed a one-half percent sales tax to be used for capital improvements at all school districts within Medina County. Collection began in October 2007 for a period of 30 years. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. Sales tax is distributed to the school districts of Medina County based on what is essentially a per pupil distribution formula. A receivable is recognized at year end for an estimated amount to be received based on calendar year 2009 sales transactions yet to be received as of June 30, 2009.

A summary of the principal items of intergovernmental receivables follow:

	<u>Amounts</u>
Major Funds:	
General Fund - Orrville-Rittman Compact	\$ 13,423
Ohio School Facilities Commission Grant	14,627,270
Nonmajor Governmental Funds:	
Medina County Sales Tax	7,416
Title IV-SDFSC Grant	1,688
ICP Grant	6,708
Title I Grant	41,943
Title V Grant	1,562
Title II Grant	9,091
Title II-D Grant	<u>6</u>
Total All Funds	<u>\$ 14,709,107</u>

Rittman Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 8 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance 6/30/2008	Additions	Reductions	Balance 6/30/2009
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 142,554	\$ 0	\$ 0	\$ 142,554
Construction in Progress	0	1,081,153	0	1,081,153
<i>Total Capital Assets, not being depreciated:</i>	<u>142,554</u>	<u>1,081,153</u>	<u>0</u>	<u>1,223,707</u>
<i>Capital Assets, being depreciated:</i>				
Land improvements	579,753	48,847	0	628,600
Buildings and improvements	12,247,178	0	0	12,247,178
Furniture and equipment	2,901,124	11,954	0	2,913,078
Vehicles	469,800	74,325	(39,200)	504,925
Total Capital Assets, being depreciated	<u>16,197,855</u>	<u>135,126</u>	<u>(39,200)</u>	<u>16,293,781</u>
<i>Less Accumulated Depreciation:</i>				
Land improvements	(350,607)	(36,752)	0	(387,359)
Buildings and improvements	(3,879,845)	(253,956)	0	(4,133,801)
Furniture and equipment	(2,193,353)	(113,282)	0	(2,306,635)
Vehicles	(356,549)	(30,575)	35,280	(351,844)
Total Accumulated Depreciation	<u>(6,780,354)</u>	<u>(434,565)</u>	<u>35,280</u>	<u>(7,179,639)</u>
Total Capital Assets being depreciated, net	<u>9,417,501</u>	<u>(299,439)</u>	<u>(3,920)</u>	<u>9,114,142</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 9,560,055</u>	<u>\$ 781,714</u>	<u>\$ (3,920)</u>	<u>\$ 10,337,849</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 295,210
Vocational	2,748
Support Services:	
Administration	4,396
Operation and Maintenance of Plant	94,626
Pupil Transportation	24,731
Food Service Operations	12,854
	<u>\$ 434,565</u>

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 9 – Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School District has a comprehensive property and casualty policy with Ohio Casualty Insurance Company. The deductible is \$5,000 per incident on property and \$250 per incident on equipment. All vehicles are also insured with Indiana Insurance Company and have a \$250 deductible. All board members, administrators, and employees are covered under a school district liability policy with Ohio Casualty Insurance Company. The limits of this coverage are \$1,000,000 per occurrence and \$6,000,000 per aggregate. The board president and superintendent have a \$20,000 position bond with the Cincinnati Insurance Company. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction from the prior year.

The Treasurer is covered under a surety bond in the amount of \$20,000. This bond is provided by the Cincinnati Insurance Company.

B. Workers' Compensation

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The School District is a member of the Ohio School Board Association Group Rating System, an insurance purchasing pool. This rate is calculated based on accident history and administrative costs. The group presently consists of over 400 school districts.

C. Employee Health Insurance

The School District was self-insured for its medical and dental insurance programs until February 29, 2008. Premiums were paid into the self-insurance fund and were available to pay claims and administrative costs. A stop-loss insurance contract with a private insurance carrier covered specific liability claims in excess of \$40,000 per covered individual.

Changes in the fund's claims liability amount in 2009 and 2008 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2008	<u>\$ 131,011</u>	<u>\$ 426,389</u>	<u>\$ 546,599</u>	<u>\$ 10,801</u>
2009	<u>\$ 10,801</u>	<u>\$ 61,586</u>	<u>\$ 72,387</u>	<u>\$ 0</u>

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 9 – Risk Management (Continued)

Beginning March 1, 2008, the School District is a member of the Portage Area School Consortium Health and Welfare Insurance Pool (the Consortium), a shared risk pool (See Note 16), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the Program) is an employee health benefit plan which covers the participating members' employees. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating School Districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the School District were to withdraw from the pool. If the reserve would not cover such claims, the School District would be liable for any costs above the reserve.

Note 10 – Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System of Ohio ("SERS"), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$81,711, \$97,908 and \$102,212, respectively; 38 percent has been contributed for fiscal year 2009 and 100 percent for the fiscal years 2008 and 2007.

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio ("STRS Ohio"), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 10 – Defined Benefit Pension Plans (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member 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 - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$477,990, \$550,648 and \$496,942, respectively; 84 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$3,342 made by the School District and \$260 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2009, all members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 11 - Postemployment Benefits

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$37,395, \$44,679 and \$33,934, respectively; 38 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$6,742, \$7,055 and \$6,950, respectively; 38 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$36,768, \$39,332 and \$35,496, respectively; 84 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 12 - Long - Term Obligations

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

	Outstanding 6/30/2008	Additions	Reductions	Outstanding 6/30/2009	Amounts Due in One Year
Governmental Activities:					
OSFC Construction Bonds \$9,499,997 - 2.00-5.125% Serial and Term Bonds	\$ 250,000	\$ 0	\$ 250,000	\$ 0	\$ 0
Capital Appreciation Bonds	405,000	0	0	405,000	148,988
Accretion of Capital Bonds	201,442	65,164	0	266,606	100,233
2007 School Improvement Refunding Bonds \$8,124,993 - 4.00-4.25% Serial and Term Bonds	7,775,000	0	50,000	7,725,000	50,000
Capital Appreciation Bonds	204,993	0	0	204,993	0
Accretion of Capital Bonds	52,530	71,788	0	124,318	0
Unamortized Premium	486,249	0	20,260	465,989	0
Refunding Loss	(341,546)	0	(14,231)	(327,315)	0
Compensated Absences	650,235	46,798	60,992	636,041	0
Capital Lease	40,782	0	30,366	10,416	10,416
	<u>\$ 9,724,685</u>	<u>\$ 183,750</u>	<u>\$ 397,387</u>	<u>\$ 9,511,048</u>	<u>\$ 309,637</u>
Total Governmental Activities Long-Term Liabilities					

General obligation bonds will be paid from the debt service fund. Compensated absences will be paid from the general fund and the food service fund. The capital lease will be paid from the Permanent Improvement capital project fund.

2007 School Improvement Refunding General Obligation Bonds

On October 25, 2007, the School District issued \$8,124,993 in voted general obligation bonds, which included serial, term and capital appreciation (deep discount) bonds in the amount of \$4,640,000, \$3,280,000 and \$204,993, respectively. The bonds advance refunded \$8,125,000 of outstanding 2004 School Improvement General Obligation Bonds. The bonds were issued for a twenty-four year period with final maturities at December 1, 2031.

At the date of refunding, \$8,480,777 (including premium and after underwriting fees and other issuance costs) was received to pay off old debt. As a result, \$8,125,000 of the 2004 Series Bonds are considered to be defeased and the liability for those bonds has been removed from the 2009 financial statements. The advance refunding reduced cash flows required for debt service by \$301,010 over the next twenty-four years and resulted in an economic gain of \$463,839.

The bonds were issued with a premium of \$506,509, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the premium for fiscal year 2009 was \$20,260. The issuance costs of \$149,861 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The amortization of the issuance costs for fiscal year 2009 was \$5,994.

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 12 - Long - Term Obligations (Continued)

The bond issue consists of serial, term and capital appreciation bonds. The serial bonds were issued with a varying interest rate of 4.0 to 4.125 percent. The term bonds that mature in fiscal year 2028 with an interest rate of 4.15 percent are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2026 at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule.

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2027	\$ 490,000

The term bonds due December 1, 2027, with an interest rate of 4.15 percent, are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2028 at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule.

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2029	\$ 535,000

The term bonds due December 1, 2029, with an interest rate of 4.15 percent, are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2030 at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule.

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2031	\$ 580,000

The term bonds maturing after December 1, 2015 are subject to optional redemption, in whole or in part, on any date in order of maturity as determined by the School District and by lot within a maturity, at the option of the Board of Education on or after June 1, 2015.

The capital appreciation bonds will mature December 1, 2012 through December 1, 2014. These bonds were purchased at a discount at the time of issuance and at maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal. The maturity amount of the bonds is \$955,000. The fiscal year 2009 accretion amount is \$71,788.

2004 School Improvement Refunding General Obligation Bonds

On June 17, 2004, the School District issued \$9,499,997 in voted general obligation bonds, which included serial, term and capital appreciation (deep discount) bonds in the amount of \$5,825,000, \$3,270,000 and \$404,997, respectively. The bonds were issued for the purpose of various construction and renovations projects throughout the School district. The bonds were issued for a twenty-seven year period with final maturities at December 1, 2031.

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 12 - Long - Term Obligations (Continued)

The capital appreciation bonds will mature December 1, 2009 through December 1, 2011. These bonds were purchased at a discount at the time of issuance and at maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal. The maturity amount of the bonds is \$780,000. The fiscal year 2009 accretion amount is \$65,164.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2009 are as follows:

Fiscal Year Ending June 30	General Obligation Bonds Payable		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 50,000	\$ 315,473	\$ 148,988	\$ 111,011	\$ 198,988	\$ 426,484
2011	50,000	313,473	134,532	125,467	184,532	438,940
2012	50,000	311,474	121,477	138,522	171,477	449,996
2013	0	310,474	86,714	233,286	86,714	543,760
2014	0	310,474	67,126	252,874	67,126	563,348
2015-2019	1,355,000	1,446,068	51,156	263,847	1,406,156	1,709,915
2020-2024	2,015,000	1,085,961	0	0	2,015,000	1,085,961
2025-2029	2,470,000	630,865	0	0	2,470,000	630,865
2030-2032	1,735,000	112,241	0	0	1,735,000	112,241
Total	<u>\$ 7,725,000</u>	<u>\$ 4,836,503</u>	<u>\$ 609,993</u>	<u>\$ 1,125,007</u>	<u>\$ 8,334,993</u>	<u>\$ 5,961,510</u>

Note 13 – Capitalized Lease

The capital lease obligation relates to the School District's phone system which is leased under a long-term agreement. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standard No. 13 "Accounting for Leases" which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease principal payments amounted to \$30,366 for the fiscal year ended June 30, 2009. The capitalized cost of the capital lease assets is \$190,000.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2009.

Year	Amount
2010	\$ 10,510
Less Amount Representing Interest	94
Present Value of Minimum Lease Payments	<u>\$ 10,416</u>

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 14 – Interfund Transfers

Transfers made during the year ended June 30, 2009 were as follows:

	Transfers In	Transfers Out
	<u> </u>	<u> </u>
Major Funds:		
General	\$ 781,992	\$ 781,992
Classroom Facilities	2,170,036	0
Non-Major Governmental Fund:		
OFSC Building Project	0	1,388,044
Proprietary Fund:		
Self-Insurance	<u>0</u>	<u>781,992</u>
Total	<u>\$ 2,952,028</u>	<u>\$ 2,952,028</u>

The Self-Insurance fund made a residual equity transfer of \$781,992 to the General fund. The transfers from the General fund and the OSFC building fund to the Classroom Facilities fund represented the School District’s local share of the Ohio School Facilities Commission project.

Note 15 - Jointly Governed Organization

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 22 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based upon a per pupil charge dependent upon the software package utilized. The TCCSA council of governments consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by an executive committee chosen from the general membership of the TCCSA council of governments. The executive committee consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Ashland-Wayne County Education Services Center, which serves as fiscal agent, located at 2534 Burbank Road, Wooster, Ohio 44691. During the year ended June 30, 2009, the School District paid approximately \$71,676 to TCCSA for basic service charges.

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 16 – Insurance Purchasing Pools

A. Portage Area School Consortium

The Portage Area School Consortium (the Consortium) is a regional council of governments established pursuant to Chapter 167 of the Ohio Revised Code, consisting of various school districts in the Portage County, Ohio area. The Consortium is a stand-alone entity, comprised of two stand-alone Pools; the Portage Area School Consortium Property and Casualty Pool and the Portage Area School Consortium Health and Welfare Insurance Pool. These Pools were established by the Consortium on August 5th, 1988 to provide property and casualty risk management services and risk sharing to its members. The Pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to federal tax filing requirements.

The Ohio Revised Code Section 167.04 requires the Consortium to adopt bylaws designating the officers of the Consortium and their method of selection, creating a governing body to act for the Consortium, appointing a fiscal officer, and providing for the conduct of the Consortium's business. The Assembly is the legislative and managerial body of the Consortium. The Assembly is composed of representation of the member schools. The member school's governing body appoints one representative to the Consortium (usually the superintendent or designee). In the case of a member that is a school district, that representative shall be an executive appointed by the board of education. The Assembly serves without compensation.

B. Ohio School Boards Association Workers' Compensation Group Rating Program

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, President-Elect and the immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 17- 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at year end.

B. Litigation

The School District is party to legal proceedings. The School District is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition the School District.

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 18 - Set-Asides

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

The following cash basis information describes the change in the year end set-aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute. Effective April 10, 2001, Senate Bill 345 amended Ohio Revised Code 5705.29 effectively eliminating the requirement for the School District to establish and maintain a budget stabilization reserve. By resolution, the Board can eliminate the reserve in accordance with the Act. As of June 30, 2009, the Board had not acted on the Senate Bill, in regards to the balance representing Bureau of Workers' Compensation rebates. These amounts are reported as Reserved for Budget Stabilization on the Balance Sheet.

	Capital Improvement Reserve	Textbook Instructional Materials Reserve	Budget Stabilizaion
Set-Aside Cash Balance as of June 30, 2008	\$ 0	\$ 65,585	\$ 96,299
Current Year Set-Aside Requirement	164,885	164,885	0
Current Year Offsets	(199,365)	0	0
Qualifying Disbursements	0	(246,343)	0
Total	\$ (34,480)	\$ (15,873)	\$ 96,299
Cash Balance Carried Forward FY 2009	\$ 0	\$ (15,873)	\$ 96,299
Restricted Cash	\$ 0	\$ 0	\$ 96,299

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement in future years. Although the School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$96,299. The set aside amount of \$96,299 is reported as restricted cash and cash equivalents in the general fund.

Note 19 – Construction Commitment

As of June 30, 2009, the School District had contractual commitments for the construction of for new elementary schools.

	Contractual Commitment	Expended	Balance June 30,2009
Great Lakes Crushing	\$ 868,000	\$ 0	\$ 868,000
Jamison Well Drilling	345,956	0	345,956
MKC Associates, Inc.	1,000,373	657,760	342,613
	\$ 2,214,329	\$ 657,760	\$ 1,556,569

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 20 – Rittman Academy

The Rittman Academy (the “Academy”) has been determined to be a discrete component unit. The School District Management has determined it is significant; therefore, it has been included as part of the School District’s basic financial statements. The Academy issues a publicly available, stand-alone financial report that includes financial statements and supplementary information. That report may be obtained by writing to Rittman Academy, 75 North Main Street, Rittman, Ohio 44270.

A. Significant Accounting Policies

Accounting Basis The basic financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard- setting body for establishing governmental accounting and financial reporting principles. The Academy also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided those pronouncements do not conflict with or contradict GASB pronouncements. The Academy has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989. The Academy’s significant accounting policies are described below.

Basis of Presentation Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Budget Process Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided in the Academy’s contract with its sponsor. The contract between the Academy and its Sponsor does not prescribe a budgetary process for the Academy.

Cash and Cash Equivalents Cash held by the Academy is reflected as “Equity in Pooled Cash and Cash Equivalents” on the statement of net assets. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During 2009, the Academy had no investments.

Intergovernmental Revenues The Academy currently participates in the State Foundation Program. Revenue received from this program is recognized as operation revenues (foundation payments) in the accounting period in which they are earned and become measurable.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 20 – Rittman Academy (Continued)

Capital Assets and Depreciation Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Academy maintains a capitalization threshold of five hundred dollars. The Academy does not possess any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets are depreciated. Capital leases are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method. Furniture and equipment is depreciated over a period of five years.

Net Assets Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitation imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Academy had unrestricted net assets of \$273,174 and \$967 of restricted net assets at year end. The Academy applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Operating Revenues and Expenses Operating revenues are those revenues that are generated directly from the primary activity of the Academy. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Academy. All revenues and expenses not meeting this definition are reported as non-operating.

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.

Extraordinary and Special Items Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year ended 2009.

B. Deposits

At June 30, 2009 the carrying amount of the Academy's deposits was \$306,011 and the bank balance was \$306,127. At year-end, \$250,000 of the Academy's bank balance was covered by Federal Deposit Insurance Corporation while \$56,127 was exposed to custodial credit risk. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

Rittman Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 20 – Rittman Academy (Continued)

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance 06/30/2008	Additions	Reductions	Balance 06/30/2009
Furniture, fixture and equipment	\$ 47,425	\$ 50,598	\$ (99)	\$ 97,924
Less: accumulated depreciation	(15,786)	(13,173)	0	(28,959)
<i>Net Capital Assets</i>	<u>\$ 31,639</u>	<u>\$ 37,425</u>	<u>\$ (99)</u>	<u>\$ 68,965</u>

D. Fiscal Officer

The sponsorship agreement states the Treasurer of the Rittman Exempted Village School District shall serve as the Fiscal Officer of the Academy.

The Treasurer of Rittman Exempted Village School District shall perform the following functions while serving as the fiscal officer of the Academy:

- A. Maintain the financial records of the Academy in conformance with generally accepted accounting principles as required by the State Auditor;
- B. Comply with the operating policies recommended by the State Auditor, including those related to the presentation, review, discussion, and approval or rejection of a line item budget and regular reports of current and encumbered expense;
- C. Comply with the requirements and procedures for financial audits by the Auditor of the State.

E. Related Party Transactions

The Academy is a component unit of the Rittman Exempted Village School District (the “School District”). The School District is the Academy’s sponsor. The Academy and the School District entered into a five year sponsorship agreement commencing on the first day of the 2009 academic year, whereby terms of the sponsorship were established. Pursuant to this agreement, the School District’s treasurer serves as the Academy’s fiscal officer.

F. Purchased Services

For fiscal year ended June 30, 2009, purchased services expenses were as follows:

Professional and Technical Services	<u>\$ 163,431</u>
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Rittman Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 20 – Rittman Academy (Continued)

G. Contingencies

Grants The Academy 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. However in the opinion of the management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2009.

Full Time Equivalency The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the state, upon which state foundation funding is calculated. Upon final review of the state funding it was found that the State over paid the Academy by \$13,218. This amount was recorded as an intergovernmental payable as of June 30, 2009.

H. Risk Management

The Academy 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 the year ended 2009, the Academy contracted with the Cincinnati Insurance Company. Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

I. Related Party Transactions

For the period July 1, 2008 through June 30, 2009 the Academy paid expenses of \$12,560 to their sponsor.

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**RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT
WAYNE COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	RECEIPTS	NON-CASH RECEIPTS	EXPENDITURES	NON-CASH EXPENDITURES
<u>U.S. DEPARTMENT OF EDUCATION</u>					
<i>(Passed Through Ohio Department of Education)</i>					
Title I Grants to Local Educational Agencies	84.010	\$140,747		\$23,879 103,841	
Total Title I Grants to Local Educational Agencies		140,747		127,720	
Special Education - Grants to States	84.027	265,578		52,143 220,734	
Total Special Education - Grants to States		265,578		272,877	
Safe and Drug Free Schools and Communities State Grant	84.186	3,293		(54) 3,399	
Total Safe and Drug Free Schools and Communities State Grant		3,293		3,345	
State Grants for Innovative Programs	84.298	1,384			
Education Technology State Grants	84.318	1,746		1,473	
Improving Teacher Quality State Grants	84.367	63,101		14,544 46,869	
Total Improving Teacher Quality State Grants		63,101		61,413	
Total U.S. Department of Education		475,849		466,828	
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
<i>(Passed through the Ohio Department of Mental Retardation and Developmental Disabilities)</i>					
Medical Assistance Program	93.778	32,682			
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
<i>(Passed Through Ohio Department of Education)</i>					
Child Nutrition Cluster:					
Non-Cash Assistance (Market Value):					
National School Lunch Program	10.555		\$28,367		\$28,367
Cash Assistance:					
National School Lunch Program	10.555	182,953		182,953	
School Breakfast Program	10.553	51,386		51,386	
Total Child Nutrition Cluster		234,339	28,367	234,339	28,367
Total U.S. Department of Agriculture		234,339	28,367	234,339	28,367
Total		\$742,870	\$28,367	\$701,167	\$28,367

The accompanying notes are an integral part of this schedule.

**RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT
WAYNE COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Rittman Exempted Village School District's (the District's) federal award programs' receipts and expenditures. The Schedule has been prepared on the cash basis of accounting.

NOTE B – CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The District reports commodities consumed on the Schedule at the fair value.



Mary Taylor, CPA

Auditor of State

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

Rittman Exempted Village School District
Wayne County
75 North Main Street
Rittman, Ohio 44270

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Rittman Exempted Village School District, Wayne County, Ohio, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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

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

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

We noted certain matters that we reported to the District's management in a separate letter dated January 27, 2010.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated January 27, 2010.

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

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

Mary Taylor, CPA
Auditor of State

January 27, 2010



Mary Taylor, CPA

Auditor of State

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

Rittman Exempted Village School District
Wayne County
75 North Main Street
Rittman, Ohio 44270

To the Board of Education:

Compliance

We have audited the compliance of Rittman Exempted Village School District, Wayne County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2009. The summary of auditor's results section of the accompanying Schedule of Findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

The District's basic financial statements include the operations of the Rittman Academy, which received \$7,742 in federal awards which is not included in the Federal Awards Receipts and Expenditures Schedule for the year ended June 30, 2009. Our audit of Federal awards, described below, did not include the operations of the Rittman Academy because the component unit is legally separate from the primary government, which this report addresses, and because it expended less than \$500,000 of federal awards for the year ended June 30, 2009, it was not subject to OMB Circular A-133 audit requirements.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2009. In a separate letter to the District's management dated January 27, 2010, we reported an other matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

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



Mary Taylor, CPA
Auditor of State

January 27, 2010

**RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster: School Breakfast Program CFDA #10.553, National School Lunch Program CFDA #10.555 and Title I – Grants to Local Educational Agencies CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Rittman Exempted Village School District
Wayne County
75 North Main Street
Rittman, Ohio 44270

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Rittman Exempted Village School District has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on March 20, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that shall include the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

- (6) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
 - (7) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.
3. We read the policy, noting it excluded the following requirements from Ohio Rev. Code Section 3313.666(B):
- (1) A procedure for documenting any prohibited incident that is reported;
 - (2) A procedure for responding to and investigating any reported incident;
 - (3) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

January 27, 2010



Mary Taylor, CPA
Auditor of State

RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT
WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 9, 2010