



Dave Yost • Auditor of State

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY
JUNE 30, 2016**

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COSHOCOTON COUNTY
JUNE 30, 2016

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the River View Local School District, Coshocton County, Ohio (the School District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the River View Local School District, Coshocton County, Ohio, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Food Service funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the School District's basic financial statements taken as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2017, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

February 23, 2017

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River View Local School District
Coshocton County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

The discussion and analysis of the River View Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. 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 2016 are as follows:

- Net position increased \$1,095,583, which represents an 8 percent increase from 2015.
- Capital assets decreased \$154,177 during fiscal year 2016.
- During the fiscal year, outstanding debt decreased from \$785,858 to \$628,063 due to principal payments made by the School District.

Using this Annual Report

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2016?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

River View Local School District
Coshocton County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

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

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, i.e., food service operations and community services.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The major funds' financial statements begin on page 17. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, permanent improvement fund and food service fund.

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

Proprietary Fund The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 23.

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 26 and 27. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

River View Local School District
Coshocton County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2016 compared to 2015:

Table 1
Net Position

	Governmental Activities	
	2016	2015
Assets		
Current and Other Assets	\$ 22,547,788	\$ 20,813,710
Capital Assets	6,496,722	6,650,899
<i>Total Assets</i>	<u>29,044,510</u>	<u>27,464,609</u>
Deferred Outflows of Resources		
Pension	2,761,524	1,859,923
Liabilities		
Other Liabilities	2,347,128	2,428,134
Long-Term Liabilities		
Due Within One Year	267,292	309,014
Due in More Than One Year		
Net Pension Liability	27,956,730	25,759,842
Other Amounts	1,158,152	1,251,148
<i>Total Liabilities</i>	<u>31,729,302</u>	<u>29,748,138</u>
Deferred Inflows of Resources		
Property Taxes Levied for the Next Year	10,241,833	9,184,964
Pension	3,003,713	4,655,827
<i>Total Deferred Outflows of Resources</i>	<u>13,245,546</u>	<u>13,840,791</u>
Net Position		
Net Investment in Capital Assets	5,868,659	5,746,658
Restricted	1,904,423	2,268,156
Unrestricted	(20,941,896)	(22,279,211)
<i>Total Net Position</i>	<u>\$ (13,168,814)</u>	<u>\$ (14,264,397)</u>

During 2015, the School District adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*, which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

River View Local School District
Coshocton County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

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

Under the new standards required by GASB 68, the net pension liability equals the School District's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

River View Local School District
Coshocton County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

At year end, capital assets represented 22 percent of total assets. Capital assets include land, buildings and improvements, furniture and fixtures and vehicles. Net investment in capital assets was \$5,868,659 at June 30, 2016. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$1,904,423 represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position is a deficit of \$20,941,896, which is primarily caused by the implementation of GASB 68.

Current and other assets increased \$1,734,078, primarily from taxes receivable, during fiscal year 2016 and deferred inflows for property taxes increased \$1,056,869. Both are due to an increase in the property tax valuation by the County. The \$2,062,170 increase in long term liabilities, \$1,652,114 increase in deferred inflows of resources from pension and \$901,601 increase in deferred outflows of resources were primarily caused by changes related to net pension liability during 2016.

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River View Local School District
Coshocton County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2016 and 2015.

Table 2
Changes in Net Position

	Governmental Activities	
	2016	2015
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 2,034,654	\$ 2,069,573
Operating Grants	3,031,860	3,167,696
Capital Grants	105,608	0
<i>Total Program Revenues</i>	<u>5,172,122</u>	<u>5,237,269</u>
<i>General Revenues:</i>		
Property Taxes	10,406,676	9,986,036
Grants and Entitlements Not Restricted	9,170,136	9,305,197
Payments in Lieu of Taxes	18,610	0
Other	175,500	156,471
<i>Total General Revenues</i>	<u>19,770,922</u>	<u>19,447,704</u>
<i>Total Revenues</i>	<u>24,943,044</u>	<u>24,684,973</u>
Program Expenses		
Instruction:		
Regular	9,783,516	9,668,045
Special	3,390,882	3,425,766
Vocational	395,725	383,859
Student Intervention Services	1,726	1,568
Support Services:		
Pupils	938,584	885,554
Instructional Staff	798,618	918,221
Board of Education	99,581	135,063
Administration	1,755,059	1,642,745
Fiscal	717,843	642,765
Operation and Maintenance of Plant	1,923,865	1,902,958
Pupil Transportation	1,884,785	1,845,725
Central	388,035	423,168
Operation of Non-Instructional Services:		
Food Service Operations	1,077,819	1,036,033
Community Services	95,534	89,057
Extracurricular Activities	565,767	504,784
Debt Service:		
Interest and Fiscal Charges	30,122	35,493
<i>Total Expenses</i>	<u>23,847,461</u>	<u>23,540,804</u>
<i>Change in Net Position</i>	<u>1,095,583</u>	<u>1,144,169</u>
<i>Net Position at Beginning of Year</i>	<u>(14,264,397)</u>	<u>(15,408,566)</u>
<i>Net Position at End of Year</i>	<u>\$ (13,168,814)</u>	<u>\$ (14,264,397)</u>

River View Local School District
Coshocton County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2016	2015	2016	2015
Instruction:				
Regular	\$ 9,783,516	\$ 9,668,045	\$ 8,216,531	\$ 8,072,010
Special	3,390,882	3,425,766	1,948,951	1,955,663
Vocational	395,725	383,859	338,711	281,847
Student Intervention Services	1,726	1,568	1,726	1,568
Support Services:				
Pupils	938,584	885,554	892,011	828,698
Instructional Staff	798,618	918,221	425,491	553,744
Board of Education	99,581	135,063	95,746	129,098
Administration	1,755,059	1,642,745	1,539,607	1,399,983
Fiscal	717,843	642,765	717,843	617,992
Operation and Maintenance of Plant	1,923,865	1,902,958	1,908,248	1,890,958
Pupil Transportation	1,884,785	1,845,725	1,758,843	1,826,805
Central	388,035	423,168	377,235	412,368
Operation of Non-Instructional Services:				
Food Service Operations	1,077,819	1,036,033	11,467	(34,110)
Community Services	95,534	89,057	35,187	3,909
Extracurricular Activities	565,767	504,784	377,620	327,509
Debt Service:				
Interest and Fiscal Charges	30,122	35,493	30,122	35,493
<i>Total Expenses</i>	<u>\$ 23,847,461</u>	<u>\$ 23,540,804</u>	<u>\$ 18,675,339</u>	<u>\$ 18,303,535</u>

The dependence upon general revenues for governmental activities is apparent. Over 78 percent of governmental activities are supported through taxes and other general revenues; such revenues are 79 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Governmental Funds

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

River View Local School District
Coshocton County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

The general fund's net change in fund balance for fiscal year 2016 was an increase of \$710,887, which was primarily caused by an increase in property tax revenue. This was caused by the increase in tax valuation by the County.

The fund balance of the permanent improvement fund decreased by \$40,330.

The food service fund balance increased \$8,536.

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 2016, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Final budget revenue of \$21,592,933 was \$1,774,398 higher than original budget revenue of \$19,818,535. There was an \$865,156 increase in property tax revenue caused by an increase in the tax valuation for the School District. Intergovernmental revenue increased \$462,587 primarily due to an increase in restricted grant revenue received from the state and tuition and fees increased \$397,024 due to an increase in open enrollment.

For the general fund, actual budget basis revenue was \$20,902,842, which was lower than the final budget basis revenue by \$690,091. This difference is primarily due to an overestimation of intergovernmental revenue and tax revenue.

Final expenditure appropriations of \$22,006,726 were \$1,319,538 higher than the actual expenditures of \$20,687,188, primarily from cost savings for instruction and student support services throughout the year.

Final budget appropriations increased \$878,519 over original budget appropriations. This variance was caused when the School District increased the appropriations to keep them in line with the additional resources available.

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River View Local School District
Coshocton County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2016, the School District had \$6,496,722 invested in capital assets. Table 4 shows fiscal year 2016 balances compared with 2015.

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

	Governmental Activities	
	2016	2015
Land	\$ 478,659	\$ 478,659
Construction in Progress	0	118,383
Buildings and Building Improvements	4,344,077	4,480,677
Furniture and Fixtures	943,991	962,644
Vehicles	729,995	610,536
<i>Totals</i>	\$ 6,496,722	\$ 6,650,899

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

Debt

At June 30, 2016, the School District had \$628,063 in debt outstanding. See Note 14 for additional details. Table 5 summarizes debt outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2016	2015
School Energy Conservation Improvement Bonds	\$ 550,384	\$ 687,981
Lease Obligations	77,679	97,877
<i>Total</i>	\$ 628,063	\$ 785,858

Current Issues

River View Local School District remains strong financially at June 30, 2016; however, the five-year forecast projects significant deficit spending by fiscal year 2018. As the preceding information shows, the School District relies heavily on its local property taxpayers. The last operating levy renewed by the residents of the School District was in 2015.

River View Local School District
Coshocton County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. River View Local School District has been reduced to the minimum amount of millage required by the State of Ohio for funding. Therefore, the School District does not realize some gain from reappraisals.

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

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

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

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

Contacting the School District's Financial Management

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

River View Local School District
Coshocton County, Ohio
Statement of Net Position
June 30, 2016

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 9,386,551
Cash and Cash Equivalents in Segregated Accounts	1,381,354
Inventory Held For Resale	13,875
Materials and Supplies Inventory	73,892
Receivables:	
Accounts	45,461
Intergovernmental	570,237
Property Taxes	11,076,418
Nondepreciable Capital Assets	478,659
Depreciable Capital Assets (Net)	6,018,063
<i>Total Assets</i>	\$ 29,044,510
Deferred Outflows of Resources	
Pension	2,761,524
Liabilities	
Accounts Payable	238,878
Accrued Wages and Benefits	1,324,701
Intergovernmental Payable	349,392
Accrued Vacation Leave Payable	51,189
Matured Compensated Absences Payable	83,621
Accrued Interest Payable	5,879
Claims Payable	293,468
Long Term Liabilities:	
Due Within One Year	267,292
Due In More Than One Year	
Net Pension Liability (See Note 12)	27,956,730
Other Amounts Due In More Than One Year	1,158,152
<i>Total Liabilities</i>	31,729,302
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	10,241,833
Pension	3,003,713
<i>Total Deferred Inflows of Resources</i>	13,245,546
Net Position	
Net Investment in Capital Assets	5,868,659
Restricted For:	
Capital Outlay	1,412,150
Other Purposes	492,273
Unrestricted	(20,941,896)
<i>Total Net Position</i>	\$ (13,168,814)

See accompanying notes to the basic financial statements.

River View Local School District
Coshocton County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2016

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 9,783,516	\$ 1,337,330	\$ 229,655	\$ 0	\$ (8,216,531)
Special	3,390,882	112,305	1,329,626	0	(1,948,951)
Vocational	395,725	0	57,014	0	(338,711)
Student Intervention Services	1,726	0	0	0	(1,726)
Support Services:					
Pupils	938,584	28,153	18,420	0	(892,011)
Instructional Staff	798,618	0	373,127	0	(425,491)
Board of Education	99,581	2,728	1,107	0	(95,746)
Administration	1,755,059	15,260	200,192	0	(1,539,607)
Fiscal	717,843	0	0	0	(717,843)
Operation and Maintenance of Plant	1,923,865	11,109	4,508	0	(1,908,248)
Pupil Transportation	1,884,785	0	20,334	105,608	(1,758,843)
Central	388,035	0	10,800	0	(377,235)
Operation of Non-Instructional Services:					
Food Service Operations	1,077,819	349,888	716,464	0	(11,467)
Community Services	95,534	0	60,347	0	(35,187)
Extracurricular Activities	565,767	177,881	10,266	0	(377,620)
Debt Service:					
Interest and Fiscal Charges	30,122	0	0	0	(30,122)
Total	<u>\$ 23,847,461</u>	<u>\$ 2,034,654</u>	<u>\$ 3,031,860</u>	<u>\$ 105,608</u>	<u>(18,675,339)</u>

General Revenues

Property Taxes Levied for:	
General Purposes	9,873,544
Capital Outlay	533,132
Grants and Entitlements Not Restricted to Specific Programs	9,170,136
Payments in Lieu of Taxes	18,610
Investment Earnings	30,513
Miscellaneous	144,987
Total General Revenues	<u>19,770,922</u>
 <i>Change in Net Position</i>	 1,095,583
 <i>Net Position Beginning of Year</i>	 <u>(14,264,397)</u>
<i>Net Position End of Year</i>	<u>\$ (13,168,814)</u>

See accompanying notes to the basic financial statements.

River View Local School District
Coshocton County, Ohio
Balance Sheet
Governmental Funds
June 30, 2016

	General	Food Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	\$ 7,507,039	\$ 254,631	\$ 1,420,838	\$ 204,043	\$ 9,386,551
Inventory Held For Resale	7,735	6,140	0	0	13,875
Materials and Supplies Inventory	73,892	0	0	0	73,892
Receivables:					
Accounts	43,901	0	0	569	44,470
Interfund	199,730	0	0	0	199,730
Intergovernmental	74,126	0	0	496,111	570,237
Property Taxes	10,439,777	0	636,641	0	11,076,418
<i>Total Assets</i>	<u>\$ 18,346,200</u>	<u>\$ 260,771</u>	<u>\$ 2,057,479</u>	<u>\$ 700,723</u>	<u>\$ 21,365,173</u>
Liabilities					
Accounts Payable	\$ 121,582	\$ 2,648	\$ 57,069	\$ 57,579	\$ 238,878
Accrued Wages and Benefits	1,157,568	45,586	0	121,547	1,324,701
Intergovernmental Payable	302,946	12,429	0	30,796	346,171
Matured Compensated Absences Payable	83,621	0	0	0	83,621
Interfund Payable	0	0	0	199,730	199,730
<i>Total Liabilities</i>	<u>1,665,717</u>	<u>60,663</u>	<u>57,069</u>	<u>409,652</u>	<u>2,193,101</u>
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	9,653,162	0	588,671	0	10,241,833
Unavailable Revenue	309,038	0	18,846	289,935	617,819
<i>Total Deferred Inflows of Resources</i>	<u>9,962,200</u>	<u>0</u>	<u>607,517</u>	<u>289,935</u>	<u>10,859,652</u>
Fund Balances					
Nonspendable	81,627	0	0	0	81,627
Restricted	0	200,108	1,392,893	151,292	1,744,293
Committed	76,845	0	0	0	76,845
Assigned	1,452,577	0	0	0	1,452,577
Unassigned	5,107,234	0	0	(150,156)	4,957,078
<i>Total Fund Balances</i>	<u>6,718,283</u>	<u>200,108</u>	<u>1,392,893</u>	<u>1,136</u>	<u>8,312,420</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 18,346,200</u>	<u>\$ 260,771</u>	<u>\$ 2,057,479</u>	<u>\$ 700,723</u>	<u>\$ 21,365,173</u>

See accompanying notes to the basic financial statements.

River View Local School District
Coshocton County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2016

Total Governmental Fund Balances		\$	8,312,420
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			6,496,722
Other long-term resources are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Intergovernmental	\$	289,935	
Property Taxes		327,884	617,819
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds.			
Deferred Outflows - Pension		2,761,524	
Deferred Inflows - Pension		(3,003,713)	
Net Pension Liability		(27,956,730)	(28,198,919)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.			1,085,656
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.			(5,879)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General Obligation Bonds		(550,384)	
Capital Lease Obligation		(77,679)	
Vacations Payable		(51,189)	
Compensated Absences		(797,381)	(1,476,633)
<i>Net Position of Governmental Activities</i>			<u>\$ (13,168,814)</u>

See accompanying notes to the basic financial statements.

River View Local School District
Coshocton County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General	Food Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Local Taxes	\$ 9,838,635	\$ 0	\$ 529,751	\$ 0	\$ 10,368,386
Intergovernmental	9,735,351	716,371	95,342	1,937,400	12,484,464
Investment Income	30,198	91	0	22	30,311
Tuition and Fees	1,441,508	0	0	44,450	1,485,958
Extracurricular Activities	73,765	0	0	101,942	175,707
Rentals	685	0	0	0	685
Charges for Services	15,745	349,888	0	0	365,633
Contributions and Donations	11,426	0	5,500	9,580	26,506
Payment in Lieu of Taxes	18,610	0	0	0	18,610
Miscellaneous	85,800	337	0	22,267	108,404
<i>Total Revenues</i>	<u>21,251,723</u>	<u>1,066,687</u>	<u>630,593</u>	<u>2,115,661</u>	<u>25,064,664</u>
Expenditures					
Current:					
Instruction:					
Regular	9,606,648	0	0	242,036	9,848,684
Special	2,720,976	0	0	811,549	3,532,525
Vocational	377,766	0	0	18,137	395,903
Support Services:					
Pupils	919,484	0	1,618	33,579	954,681
Instructional Staff	359,850	0	0	454,773	814,623
Board of Education	90,903	0	0	8,470	99,373
Administration	1,476,427	0	579	249,028	1,726,034
Fiscal	715,054	0	13,283	0	728,337
Operation and Maintenance of Plant	1,811,849	0	291,173	34,491	2,137,513
Pupil Transportation	1,653,027	0	279,632	0	1,932,659
Central	280,160	0	84,638	11,874	376,672
Extracurricular Activities	328,397	0	0	134,197	462,594
Operation of Non-Instructional Services:					
Food Service Operations	0	1,058,151	0	0	1,058,151
Community Services	2,400	0	0	85,636	88,036
Capital Outlay	3,500	0	0	0	3,500
Debt Service:					
Principal Retirement	157,795	0	0	0	157,795
Interest and Fiscal Charges	31,593	0	0	0	31,593
<i>Total Expenditures</i>	<u>20,535,829</u>	<u>1,058,151</u>	<u>670,923</u>	<u>2,083,770</u>	<u>24,348,673</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>715,894</u>	<u>8,536</u>	<u>(40,330)</u>	<u>31,891</u>	<u>715,991</u>
Other Financing Sources					
Proceeds from Sale of Capital Assets	1,219	0	0	0	1,219
Insurance Recoveries	5,362	0	0	0	5,362
Transfers In	0	0	0	11,588	11,588
Transfers Out	(11,588)	0	0	0	(11,588)
<i>Total Other Financing Sources</i>	<u>(5,007)</u>	<u>0</u>	<u>0</u>	<u>11,588</u>	<u>6,581</u>
<i>Net Change in Fund Balance</i>	<u>710,887</u>	<u>8,536</u>	<u>(40,330)</u>	<u>43,479</u>	<u>722,572</u>
<i>Fund Balances Beginning of Year</i>	<u>6,007,396</u>	<u>191,572</u>	<u>1,433,223</u>	<u>(42,343)</u>	<u>7,589,848</u>
<i>Fund Balances End of Year</i>	<u>\$ 6,718,283</u>	<u>\$ 200,108</u>	<u>\$ 1,392,893</u>	<u>\$ 1,136</u>	<u>\$ 8,312,420</u>

See accompanying notes to the basic financial statements.

**River View Local School District
Coshocton County, Ohio**

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2016*

Net Change in Fund Balances - Total Governmental Funds	\$	722,572
 <i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 714,585	
Current Year Depreciation	<u>(868,762)</u>	(154,177)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	38,291	
Intergovernmental	<u>(272,415)</u>	(234,124)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
		157,795
Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		
		1,638,312
Except for amount reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities.		
		(1,281,485)
In the Statement of Activities, interest is accrued on outstanding bonds, and bond premium and gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable		1,471
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide Statement of Activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		254,982
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(23,077)	
Vacations Payable	<u>13,314</u>	<u>(9,763)</u>
<i>Change in Net Position of Governmental Activities</i>	\$	<u><u>1,095,583</u></u>

See accompanying notes to the basic financial statements.

River View Local School District
Coshocton County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$ 8,903,142	\$ 9,768,298	\$ 9,761,380	\$ (6,918)
Intergovernmental	9,646,688	10,109,275	9,575,632	(533,643)
Investment Income	26,300	26,300	24,380	(1,920)
Tuition and Fees	1,097,980	1,495,004	1,395,930	(99,074)
Extracurricular Activities	36,820	50,370	48,550	(1,820)
Rentals	0	685	685	0
Charges for Services	3,000	15,586	15,745	159
Contributions and Donations	100	3,868	3,768	(100)
Miscellaneous	104,505	123,547	76,772	(46,775)
<i>Total Revenues</i>	<u>19,818,535</u>	<u>21,592,933</u>	<u>20,902,842</u>	<u>(690,091)</u>
Expenditures				
Current:				
Instruction:				
Regular	9,671,559	9,972,445	9,574,261	398,184
Special	2,906,636	2,948,202	2,736,388	211,814
Vocational	382,901	409,905	383,021	26,884
Support Services:				
Pupils	857,816	947,866	893,481	54,385
Instructional Staff	376,737	420,807	368,499	52,308
Board of Education	135,119	145,011	96,348	48,663
Administration	1,502,184	1,563,735	1,471,484	92,251
Fiscal	697,432	707,703	683,362	24,341
Operation and Maintenance of Plant	2,002,411	2,095,601	1,995,375	100,226
Pupil Transportation	1,845,195	1,942,337	1,707,331	235,006
Central	311,018	322,543	283,214	39,329
Extracurricular Activities	268,102	359,474	301,582	57,892
Capital Outlay	3,500	3,500	3,500	0
Debt Service:				
Principal Retirement	167,597	167,597	157,795	9,802
Interest and Fiscal Charges	0	0	31,547	(31,547)
<i>Total Expenditures</i>	<u>21,128,207</u>	<u>22,006,726</u>	<u>20,687,188</u>	<u>1,319,538</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,309,672)</u>	<u>(413,793)</u>	<u>215,654</u>	<u>629,447</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	3,322	3,322	1,219	(2,103)
Refund of Prior Year Expenditures	45,000	132,852	132,852	0
Refund of Prior Year Receipts	0	(14,643)	(14,643)	0
Insurance Recoveries	0	5,362	5,362	0
Advances In	0	0	94,217	94,217
Advances Out	0	0	(199,588)	(199,588)
Transfers Out	0	(12,154)	(11,588)	566
<i>Total Other Financing Sources (Uses)</i>	<u>48,322</u>	<u>114,739</u>	<u>7,831</u>	<u>(106,908)</u>
<i>Net Change in Fund Balance</i>	(1,261,350)	(299,054)	223,485	522,539
<i>Fund Balance Beginning of Year</i>	6,501,862	6,501,862	6,501,862	0
Prior Year Encumbrances Appropriated	399,637	399,637	399,637	0
<i>Fund Balance End of Year</i>	<u>\$ 5,640,149</u>	<u>\$ 6,602,445</u>	<u>\$ 7,124,984</u>	<u>\$ 522,539</u>

See accompanying notes to the basic financial statements.

River View Local School District
Coshocton County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Food Service Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 557,125	\$ 697,681	\$ 696,093	\$ (1,588)
Investment Income	100	100	91	(9)
Charges for Services	347,403	380,664	349,888	(30,776)
<i>Total Revenues</i>	<u>904,628</u>	<u>1,078,445</u>	<u>1,046,072</u>	<u>(32,373)</u>
Expenditures				
Current:				
Support Services:				
Operation and Maintenance of Plant	397	542	0	542
Operation of Non-Instructional Services:				
Food Service Operations	1,006,036	1,077,159	1,031,550	45,609
<i>Total Expenditures</i>	<u>1,006,433</u>	<u>1,077,701</u>	<u>1,031,550</u>	<u>46,151</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(101,805)</u>	<u>744</u>	<u>14,522</u>	<u>13,778</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	7,713	7,713	337	(7,376)
Advances Out	0	0	(3,000)	(3,000)
<i>Total Other Financing Sources (Uses)</i>	<u>7,713</u>	<u>7,713</u>	<u>(2,663)</u>	<u>(10,376)</u>
<i>Net Change in Fund Balance</i>	(94,092)	8,457	11,859	3,402
<i>Fund Balance Beginning of Year</i>	226,892	226,892	226,892	0
Prior Year Encumbrances Appropriated	10,860	10,860	10,860	0
<i>Fund Balance End of Year</i>	<u>\$ 143,660</u>	<u>\$ 246,209</u>	<u>\$ 249,611</u>	<u>\$ 3,402</u>

See accompanying notes to the basic financial statements.

River View Local School District
Coshocton County, Ohio
Statement of Fund Net Position
Proprietary Fund
June 30, 2016

	Governmental Activities - Internal Service Fund
Assets	
<i>Current Assets</i>	
Cash and Cash Equivalents in Segregated Accounts	\$ 1,381,354
Accounts Receivable	991
<i>Total Current Assets</i>	<u>1,382,345</u>
Liabilities	
<i>Current Liabilities</i>	
Intergovernmental Payable	3,221
Claims Payable	293,468
<i>Total Current Liabilities</i>	<u>296,689</u>
Net Position	
Unrestricted	<u>\$ 1,085,656</u>

See accompanying notes to the basic financial statements.

River View Local School District
Coshocton County, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2016

	<u>Governmental Activities - Internal Service Fund</u>
Operating Revenues	
Charges for Services	<u>\$ 4,268,116</u>
Operating Expenses	
Salaries and Wages	4,500
Fringe Benefits	705
Purchased Services	744,175
Materials and supplies	122
Claims	<u>3,263,947</u>
<i>Total Operating Expenses</i>	<u>4,013,449</u>
<i>Operating Income</i>	<u>254,667</u>
Non-Operating Revenues	
Interest	<u>315</u>
<i>Change in Net Position</i>	254,982
<i>Net Position Beginning of Year</i>	<u>830,674</u>
<i>Net Position End of Year</i>	<u><u>\$ 1,085,656</u></u>

See accompanying notes to the basic financial statements.

River View Local School District
Coshocton County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2016

	<u>Governmental Activities - Internal Service Fund</u>
Cash Flows From Operating Activities	
Cash Received from Interfund Services	\$ 4,267,125
Cash Paid for Goods and Services	(741,076)
Cash Paid for Employee Benefits	(5,205)
Cash Paid for Claims	(3,294,521)
<i>Net Cash Provided By Operating Activities</i>	<u>226,323</u>
 Cash Flows From Investing Activities	
Interest on Investments	<u>315</u>
 <i>Net Increase in Cash and Cash Equivalents</i>	226,638
 <i>Cash and Cash Equivalents, Beginning of Year</i>	<u>1,154,716</u>
 <i>Cash and Cash Equivalents, End of Year</i>	<u>\$ 1,381,354</u>
 Reconciliation of Operating Income to Net Cash Provided By Operating Activities	
Operating Income	\$ 254,667
Adjustments:	
Decrease (Increase) in Assets:	
Accounts Receivable	(991)
Increase (Decrease) in Liabilities:	
Intergovernmental Payable	3,221
Claims Payable	(30,574)
<i>Total Adjustments</i>	<u>(28,344)</u>
<i>Net Cash Provided By Operating Activities</i>	<u>\$ 226,323</u>

See accompanying notes to the basic financial statements.

River View Local School District
Coshocton County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Investments	\$ 34,671	\$ 83,257
Liabilities		
Accounts Payable	0	\$ 2,754
Intergovernmental Payable	0	2,316
Undistributed Monies	0	31,925
Due to Students	0	46,262
<i>Total Liabilities</i>	0	\$ 83,257
Net Position		
Held in Trust for Scholarships	\$ 34,671	

River View Local School District
Coshocton County, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2016

	Private Purpose Trust
Additions	
Gifts and Contributions	\$ 4,455
Investment Earnings	15
<i>Total Additions</i>	4,470
Deductions	
Payments in Accordance with Trust Agreements	600
<i>Change in Net Position</i>	3,870
<i>Net Position Beginning of Year</i>	30,801
<i>Net Position End of Year</i>	\$ 34,671

See accompanying notes to the basic financial statements.

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River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

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

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

Reporting Entity

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses.

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

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

B. Fund Accounting

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

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

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

Permanent Improvement Fund – The permanent improvement fund receives property taxes for acquisition, construction or improvement of capital facilities.

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

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

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

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

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

C. Measurement Focus

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

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

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

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

D. Basis of Accounting

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

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

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

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

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 12).

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

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

E. Budgetary Process

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

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

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

F. Cash and Investments

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

During fiscal year 2016 investments were limited to certificates of deposit and STAR Ohio.

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.

STAR Ohio is an investment pool managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on June 30, 2016.

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

Following Ohio statues, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2016 amounted to \$30,198 which includes \$8,996 assigned from other School District funds.

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

G. Inventory

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

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

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H. Capital Assets

The School District’s only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

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

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column of the statement of net position.

J. Compensated Absences

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

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

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

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

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K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables and accrued liabilities from internal service funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and net pension liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as a liability on the governmental fund financial statements when due.

L. Pensions

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

M. Interfund Activity

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

N. Net Position

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

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

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O. Fund Balance

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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

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

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P. Operating Revenues and Expenses

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2016.

R. Estimates

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

S. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2016, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the School District.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the School District.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the School District.

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GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the School District.

NOTE 3 – FUND DEFICITS

Fund balances at June 30, 2016 included the following individual fund deficits:

	Deficit
<i>Non-Major Governmental Funds:</i>	
District Managed Student Activity	\$ 723
Public School Preschool	14,779
IDEA, Part B	39,803
Title I	30,701
Improving Teacher Quality	46,869
Miscellaneous Federal Grant	17,281

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

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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Net Change in Fund Balance

	General	Food Service
GAAP Basis	\$ 710,887	\$ 8,536
Net Adjustment for Revenue Accruals	(53,922)	(20,278)
Net Adjustment for Expenditure Accruals	17,964	28,619
Funds Budgeted Elsewhere	(128,545)	0
Adjustment for Encumbrances	(322,899)	(5,018)
Budget Basis	\$ 223,485	\$ 11,859

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

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer, by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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According to state law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the government securities are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During 2016, the School District and public depositories complied with the provisions of these statutes.

Cash on Hand

At fiscal year end, the School District had \$25 in undeposited cash on hand which is included in the financial statements as part of "equity in pooled cash and investments."

Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the uninsured deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District.

At fiscal year end, the carrying amount of the School District's deposits was \$10,795,248. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2016, \$9,579,404 of the School District's bank balance of \$11,032,722 was exposed to custodial risk as discussed above, while \$1,453,318 was covered by Federal Deposit Insurance Corporation.

Investments

As of June 30, 2016, the School District had the following investment and maturity:

<u>Investment Type</u>	<u>Measurement Amount</u>	<u>Investment Maturity 12 Months or Less</u>	<u>Percent of Total</u>
STAR Ohio	\$ 90,560	\$ 90,560	100%

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

Credit Risk. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2016, is 49 days and carries a rating of AAAm by S&P Global Ratings. The certificate of deposit is a direct federal security.

Concentration of Credit Risk. The School District places no limit on the amount that may be invested in any one issuer. The preceding table includes the percentage to total of each investment type held by the School District at June 30, 2016.

NOTE 6 – PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2016 represents collections of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed value listed as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2016 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien December 31, 2014, were levied after April 1, 2015 and are collected in 2016 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Coshocton, Muskingum and Licking Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available as an advance at June 30, 2016 in the general, and permanent improvement funds was \$477,577 and \$29,124, respectively. The amount available for advance at June 30, 2015, in the general and permanent improvement funds were \$400,322 and \$22,583, respectively. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2016 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed values upon which the fiscal year 2016 taxes were collected are:

	2015 Second-Half Collections		2016 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 287,270,780	66%	\$ 327,483,340	70%
Public Utility Personal Property	148,221,380	34%	141,146,910	30%
Total Assessed Value	\$ 435,492,160	100%	\$ 468,630,250	100%
Tax rate per \$1,000 of assessed value	\$ 31.30		\$ 31.30	

NOTE 7 – RECEIVABLES

Receivables at June 30, 2016, consisted of taxes, accounts (billings for user charged services and student fees), interfund and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of the state programs, and the current fiscal year guarantee of federal funds.

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NOTE 8 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance 06/30/2015	Additions	Deletions	Balance 6/30/2016
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 478,659	\$ 0	\$ 0	\$ 478,659
Construction in Progress	118,383	0	(118,383)	0
<i>Total Capital Assets Not Being Depreciated</i>	597,042	0	(118,383)	478,659
<i>Capital Assets Being Depreciated</i>				
Building and Improvements	14,198,773	295,022	0	14,493,795
Furniture and Equipment	3,476,350	153,356	0	3,629,706
Vehicles	2,738,482	384,590	0	3,123,072
<i>Total Capital Assets, Being Depreciated</i>	20,413,605	832,968	0	21,246,573
<i>Less: Accumulated Depreciation</i>				
Building and Improvements	(9,718,096)	(431,622)	0	(10,149,718)
Furniture and Equipment	(2,513,706)	(172,009)	0	(2,685,715)
Vehicles	(2,127,946)	(265,131)	0	(2,393,077)
<i>Total Accumulated Depreciation</i>	(14,359,748)	(868,762) *	0	(15,228,510)
<i>Total Capital Assets Being Depreciated, Net</i>	6,053,857	(35,794)	0	6,018,063
<i>Governmental Activities Capital Assets, Net</i>	\$ 6,650,899	\$ (35,794)	\$ (118,383)	\$ 6,496,722

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 235,368
Special	10,316
Vocational	12,292
Student Intervention	1,726
Support Services:	
Pupils	7,111
Instructional Staff	3,636
Board of Education	432
Administration	25,970
Fiscal	863
Operation and Maintenance of Plant	113,315
Pupil Transportation	270,180
Central	19,047
Operation of Non-Instructional Services:	
Food Service Operations	30,023
Community Service	10,531
Extracurricular Activities	127,952
Total Depreciation Expense	\$ 868,762

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NOTE 9 – INTERFUND ACTIVITY

A. Interfund Transfers

Transfers made during the fiscal year 2016 were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 0	\$ 11,588
Nonmajor Governmental Funds	11,588	0
Total	\$ 11,588	\$ 11,588

The general fund transferred \$11,588 to the district managed student activity fund to provide additional resources for current operations.

B. Interfund Balances

Interfund balances at June 30, 2016, consist of the following:

	Interfund Receivable	Interfund Payable
General	\$ 199,730	\$ 0
Non-Major Governmental Funds:		
Child Entitlement	0	21,432
Alternative School	0	3,011
IDEA, Part B	0	56,752
Title I	0	61,505
IDEA Preschool	0	1,037
Improving Teacher Quality	0	55,820
Miscellaneous Federal Grants	0	173
Total	\$ 199,730	\$ 199,730

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

NOTE 10 – RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2016, the School District has insurance with Catlin Indemnity Company.

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Commercial property liability insurance carries a blanket limit of \$68,168,364 with a \$1,000 deductible. Business auto coverage provides a \$1,000,000 combined single limit liability for collision and comprehensive.

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

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

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

B. Other Employee Benefits

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

The School District has elected to provide dental, medical, and prescription drug coverage benefits through a self-insurance program. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a dental plan with a \$72.28 family and \$29.16 single premium, a medical plan with a \$1,546.45 family and \$550.57 single premium, and a three-tier prescription plan with a \$5 generic premium, \$20 formulary, or 25% of the cost with a maximum of \$50 for the non-formulary premium. The monthly premium coverage for this prescription plan is \$206.27 family and \$85.27 single premium. The School District has negotiated with its employees to pay a portion of their medical insurance premiums. The School District is responsible for payment of all medical, prescription and dental claim amounts in excess of the employee payment percentages established in the Plan document.

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

The claims liability of \$293,468 reported in the internal service fund at June 30, 2016 is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be reported. Changes in the fund's claims liability amount for 2015 and 2016 were:

	Balance at Beginning of Year	Claims	Payments	Balance at End of Year
2015	\$ 484,685	\$ 3,766,674	\$ 3,927,317	\$ 324,042
2016	\$ 324,042	\$ 3,263,947	\$ 3,294,521	\$ 293,468

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NOTE 11 – EMPLOYEE BENEFITS

A. Compensated Absences

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

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

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

B. Life Insurance

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

C. Retirement Incentive

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

NOTE 12 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. SERS did not allocate any employer contributions to the Health Care Fund for fiscal year 2016.

The School District's contractually required contribution to SERS was \$438,223 for fiscal year 2016. Of this amount, \$58,404 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$1,200,089 for fiscal year 2016. Of this amount, \$205,467 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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	STRS	SERS	Total
Proportionate Share of the Net Pension Liability	\$ 22,554,249	\$ 5,402,481	\$ 27,956,730
Proportion of the Net Pension Liability	0.08160867%	0.09467910%	
Pension Expense	\$ 893,623	\$ 387,862	\$ 1,281,485

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	STRS	SERS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 1,035,923	\$ 87,289	\$ 1,123,212
School District contributions subsequent to the measurement date	1,200,089	438,223	1,638,312
Total Deferred Outflows of Resources	\$ 2,236,012	\$ 525,512	\$ 2,761,524
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 1,770,705	\$ 184,718	\$ 1,955,423
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,007,226	41,064	1,048,290
Total Deferred Inflows of Resources	\$ 2,777,931	\$ 225,782	\$ 3,003,713

\$1,638,312 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2017	\$ (664,820)	\$ (79,929)	\$ (744,749)
2018	(664,820)	(79,929)	(744,749)
2019	(664,818)	(80,344)	(745,162)
2020	252,450	101,709	354,159
	\$ (1,742,008)	\$ (138,493)	\$ (1,880,501)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22.00 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

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

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Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$ 7,491,300	\$ 5,402,481	\$ 3,643,523

Changes Between Measurement Date and Report Date In April 2016, the SERS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2016. The most significant change is a reduction in the discount rate from 7.75 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Schools District's net pension liability is expected to be significant.

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Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected Salary Increase	2.75 percent at 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2.00 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year, for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date

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

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS’ investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

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

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$ 31,329,554	\$ 22,554,249	\$ 15,133,421

NOTE 13 POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, SERS did not allocate any employer contributions to the Health Care Fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For the fiscal year 2016, the School District's surcharge obligation was \$47,563.

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2016, 2015, and 2014 were \$47,563, \$73,580 and \$52,008, respectively. For fiscal year 2016, 87 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2015 and 2014.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2016, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$94,006, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during the fiscal year 2016 were as follows:

	Outstanding 06/30/2015	Additions	Reductions	Outstanding 6/30/2016	Due Within One Year
Governmental Activities					
<i>General Obligation Bonds</i>					
School Energy Conservation Improvement Bonds	\$ 687,981	\$ 0	\$ (137,597)	\$ 550,384	\$ 137,597
<i>Net Pension Liability</i>					
STRS	20,921,226	1,633,023	0	22,554,249	0
SERS	4,838,616	563,865	0	5,402,481	0
<i>Total Net Pension Liability</i>	25,759,842	2,196,888	0	27,956,730	0
<i>Other Long-Term Obligations</i>					
Compensated Absences	774,304	54,535	(31,458)	797,381	108,868
Capital Leases	97,877	0	(20,198)	77,679	20,827
<i>Total Other Long-Term Obligations</i>	872,181	54,535	(51,656)	875,060	129,695
<i>Total Governmental Activities Long-Term Obligations</i>	\$ 27,320,004	\$ 2,251,423	\$ (189,253)	\$ 29,382,174	\$ 267,292

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

The compensated absences will be paid from the general and food service funds. Capital leases will be paid from the general fund. The School District pays obligations related to employee compensation from the fund benefitting from their service.

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

		School Energy Conservation Improvement Bonds		
		Principal	Interest	Total
Year Ending June 30,	2017	\$ 137,597	\$ 24,200	\$ 161,797
	2018	137,597	17,747	155,344
	2019	137,595	11,293	148,888
	2020	137,595	4,841	142,436
		\$ 550,384	\$ 58,080	\$ 608,464

NOTE 15 – CAPITAL LEASES

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

A new lease was entered into with Wells Fargo during fiscal year 2015 for new copiers throughout the School District. The assets acquired by this lease have been capitalized in the amount of \$106,112, which is equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation was \$31,833 as of June 30, 2016, leaving a current book value of \$74,279.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2016:

Fiscal Year Ending June 30,	2017	Capital Leases \$ 22,920
	2018	22,920
	2019	22,920
	2020	13,370
		82,130
		Less: Amount Representing Interest (4,451)
		Present Value of Minimum Lease Payments \$ 77,679

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS

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

The Ohio Mid Eastern Regional Educational Service Agency (OME-RESA) is jointly governed organization created as a regional council of governments pursuant to State statues. OME-RESA provides financial accounting services, and educational management information system, cooperative purchased services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Monroe, Muskingum, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District's continued participation and no equity interest exists. OME-RESA has no outstanding debt. The River View Local School District paid \$131,338 to OME-RESA during fiscal year 2016 for services. To obtain financial information write to the Treasurer, Ohio Mid-Eastern Regional Educational Service Agency, 2230 Sunset Boulevard, Suite 2, Steubenville, OH 43952.

B. Coshocton County Career Center

Coshocton County Career Center (Career Center) is a jointly governed organization providing vocational services to its three member school districts. The Career Center is governed by a five-member board of education of which two members are appointed by the River View Local School District, two members are appointed by the Coshocton City School District and one member is appointed by the Ridgewood Local School District. The board controls the financial activity of the Career Center. The Career Center receives no direct funding from the member school districts. The continued existence of the Career Center is not dependent on the River View Local School District's continued participation and no equity interest exists. River View Local School District paid no monies to the Career Center in 2016.

C. META Solutions

The School District is a participant in META (Metropolitan Educational Technology Association) Solutions. META Solutions is an association of public school districts throughout Ohio. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of META Solutions consists of the superintendent from 11 member districts. During fiscal year 2016, the School District paid \$407 to META Solutions for various services. Financial information can be obtained from the Metropolitan Educational Technology Association, 100 Executive Drive, Marion, Ohio 43302.

NOTE 17 – SET ASIDES

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

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

	Capital Improvements
Set-aside Restricted Balance June 30, 2015	\$ 0
Current Year Set-aside Requirement	356,312
Current Year Qualifying Expenditures	(53,289)
Current Year Offsets	(557,107)
Totals	\$ (254,084)
Balance Carried Forward to Fiscal Year 2017	\$ 0
Set-aside Restricted Balance June 30, 2016	\$ 0

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

NOTE 18 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2016, if applicable, cannot be determined at this time.

B. Litigation

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

C. School District Funding

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school districts, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

River View Local School District
Coshocton County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 19 – COMMITMENTS

Outstanding encumbrances for governmental funds include \$232,625 for the general fund, \$131,556 in the permanent improvement fund, \$2,398 in the food service fund and \$11,147 in nonmajor governmental funds.

NOTE 20 – FUND BALANCE

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

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

	General	Food Service	Permanent Improvement	Other Governmental Funds	Total
Nonspendable for:					
Inventory	\$ 81,627	\$ 0	\$ 0	\$ 0	\$ 81,627
Restricted for:					
Capital Outlay	0	0	1,392,893	404	1,393,297
Food Service	0	200,108	0	0	200,108
State Funded Programs	0	0	0	119,230	119,230
Federally Funded Programs	0	0	0	16,154	16,154
Other Purposes	0	0	0	15,504	15,504
Total Restricted	<u>0</u>	<u>200,108</u>	<u>1,392,893</u>	<u>151,292</u>	<u>1,744,293</u>
Committed for:					
Underground Storage Tank	11,000	0	0	0	11,000
Bus Reimbursement	65,845	0	0	0	65,845
Total Comitted	<u>76,845</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>76,845</u>
Assigned for:					
Encumbrances:					
Instruction	51,730	0	0	0	51,730
Support Services	179,841	0	0	0	179,841
Subsequent Appropriations	1,189,018	0	0	0	1,189,018
Other Purposes	31,988	0	0	0	31,988
Total Assigned	<u>1,452,577</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,452,577</u>
Unassigned	<u>5,107,234</u>	<u>0</u>	<u>0</u>	<u>(150,156)</u>	<u>4,957,078</u>
<i>Total Fund Balance</i>	<u>\$ 6,718,283</u>	<u>\$ 200,108</u>	<u>\$ 1,392,893</u>	<u>\$ 1,136</u>	<u>\$ 8,312,420</u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>State Teachers Retirement System (STRS)</i>			
School District's Proportion of the Net Pension Liability	0.08160867%	0.08601254%	0.08601254%
School District's Proportionate Share of the Net Pension Liability	\$ 22,554,249	\$ 20,921,226	\$ 24,921,228
School District's Covered-Employee Payroll	\$ 8,483,471	\$ 9,400,569	\$ 9,462,246
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	265.86%	222.55%	263.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%
<i>School Employees Retirement System (SERS)</i>			
School District's Proportion of the Net Pension Liability	0.09467910%	0.09560700%	0.09560700%
School District's Proportionate Share of the Net Pension Liability	\$ 5,402,481	\$ 4,838,616	\$ 5,685,441
School District's Covered-Employee Payroll	\$ 3,259,810	\$ 3,396,162	\$ 2,523,056
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	165.73%	142.47%	225.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 1,200,089	\$ 1,187,686	\$ 1,222,074	\$ 1,230,092
Contributions in Relation to the Contractually Required Contribution	<u>(1,200,089)</u>	<u>(1,187,686)</u>	<u>(1,222,074)</u>	<u>(1,230,092)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered-Employee Payroll	\$ 8,572,064	\$ 8,483,471	\$ 9,400,569	\$ 9,462,246
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%
 <i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution	\$ 438,223	\$ 429,643	\$ 470,708	\$ 349,191
Contributions in Relation to the Contractually Required Contribution	<u>(438,223)</u>	<u>(429,643)</u>	<u>(470,708)</u>	<u>(349,191)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered-Employee Payroll	\$ 3,130,164	\$ 3,259,810	\$ 3,396,162	\$ 2,523,056
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 1,156,601	\$ 1,210,278	\$ 1,193,813	\$ 1,229,042	\$ 1,179,012	\$ 1,216,320
<u>(1,156,601)</u>	<u>(1,210,278)</u>	<u>(1,193,813)</u>	<u>(1,229,042)</u>	<u>(1,179,012)</u>	<u>(1,216,320)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 8,896,931	\$ 9,309,831	\$ 9,183,177	\$ 9,454,169	\$ 9,069,323	\$ 9,356,308
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$ 408,372	\$ 410,874	\$ 423,914	\$ 374,783	\$ 373,157	\$ 331,975
<u>(408,372)</u>	<u>(410,874)</u>	<u>(423,914)</u>	<u>(374,783)</u>	<u>(373,157)</u>	<u>(331,975)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 3,036,223	\$ 3,268,687	\$ 3,130,827	\$ 3,808,770	\$ 3,799,969	\$ 3,108,380
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

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RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	N/A	\$23,278
Cash Assistance:			
School Breakfast Program	10.553	N/A	184,389
National School Lunch Program	10.555	N/A	497,045
Cash Assistance Subtotal			<u>681,434</u>
Total Child Nutrition Cluster			704,712
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	<u>1,163</u>
Total U.S. Department of Agriculture			705,875
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	C1-S1 2015 S010A150035	46,278 <u>475,158</u>
Total Title I Grants to Local Educational Agencies			521,436
Special Education Cluster (IDEA):			
Special Education - Grants to States (IDEA, Part B)	84.027	6B-SF 2015 H027A150111	36,479 <u>416,981</u>
Total Special Education - Grants to States (IDEA, Part B)			453,460
Special Education - Preschool Grants (IDEA Preschool)	84.173	6B-SF 2015 H173A150119	2,713 <u>13,257</u>
Total Special Education - Preschool Grants (IDEA Preschool)			15,970
Total Special Education Cluster (IDEA)			469,430
Improving Teacher Quality State Grants	84.367	TR-S1-2015 S367A150034	12,031 <u>129,785</u>
Total Improving Teacher Quality State Grants			141,816
Teacher Incentive Fund	84.374	N/A S374A110174	272,392 <u>78,355</u>
Total Teacher Incentive Fund			350,747
Race to the Top Incentive Grants, Recovery Act	84.395	2015	<u>4,782</u>
Total U.S. Department of Education			1,488,211
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through the Coshocton County Department of Job and Family Services</i>			
Temporary Assistance for Needy Families	93.558	N/A	<u>30,000</u>
Total U.S. Department of Health and Human Services			<u>30,000</u>
Total Expenditures of Federal Awards			<u><u>\$2,224,086</u></u>

The accompanying notes are an integral part of this schedule.

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR PART 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the River View Local School District (the School District) under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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

NOTE E - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2016 to 2017 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 111,407
Special Education - Grants to States	84.027	\$ 5,223
Special Education - Preschool Grants	84.173	\$ 3,361
Total Education Cluster		<u>\$ 8,584</u>
Improving Teacher Quality State Grants	84.367	\$ 62,193



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the River View Local School District, Coshocton County, Ohio (the School District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 23, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

February 23, 2017



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the River View Local School District's, Coshocton County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the River View Local School District's major federal programs for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on the Child Nutrition Cluster

As described in Finding 2016-001 in the accompanying Schedule of Findings, the School District did not comply with requirements regarding *Special Tests and Provisions – Verification of Free and Reduced Price Applications* applicable to its *CFDA 10.553 and 10.555 Child Nutrition Cluster* major federal program. Compliance with this requirement is necessary, in our opinion, for the School District to comply with requirements applicable to this program.

Qualified Opinion on the Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Child Nutrition Cluster* paragraph, the River View Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Child Nutrition Cluster* for the year ended June 30, 2016.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the River View Local School District complied in all material respects with the requirements referred to above that could directly and materially affect its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended June 30, 2016.

Other Matters

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying Schedule of Findings as item 2016-001.

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

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

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

Dave Yost
Auditor of State
Columbus, Ohio

February 23, 2017

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**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCKTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR PART 200.515
JUNE 30, 2016**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Child Nutrition Cluster – Qualified Special Education Cluster - Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list): • Child Nutrition Cluster – CFDA #10.553 and 10.555 • Special Education Cluster – CFDA #84.027 and 84.173	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

None

**RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR PART 200.515
JUNE 30, 2016
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

1. 7 CFR § 245.6a

Finding Number	2016-001		
CFDA Title and Number	Child Nutrition Cluster: School Breakfast Program CFDA #10.553 and National School Lunch Program CFDA #10.555		
Federal Award Identification Number / Year	2015/2016		
Federal Agency	U.S. Department of Education		
Pass-Through Entity	Ohio Department of Education		
Repeat Finding from Prior Audit?	Yes	Finding Number (if repeat)	2015-001

Noncompliance and Material Weakness

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

The School District selected six applications for verification. Support for income verification was not maintained for three families. For these families, two maintained a status of reduced and one maintained a status of free. 7 CFR § 245.6a paragraph (j) documented that if verification activities fail to confirm eligibility for free or reduced price benefits or should the household fail to cooperate with verification efforts, the school or local educational agency shall reduce or terminate benefits, as applicable. The three families that did not provide support should have had their free and reduced benefits terminated. Furthermore, this would have led to receiving less program income from providing meals as well as being over reimbursed for claimed meals relating to these families actual benefit usage.

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

Officials' Response: See Corrective Action Plan.

RIVER VIEW LOCAL SCHOOL DISTRICT
COSHOCKTON COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR PART 200.511(b)
JUNE 30, 2016

Finding Number	Finding Summary	Status	Additional Information
2015-001	Verification of Free and Reduced Price Applications – Family income was not supported in all cases.	Not Corrected	See Corrective Action Plan.



Dave Yost • Auditor of State

RIVER VIEW LOCAL SCHOOL DISTRICT

COSHOCTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 9, 2017