



RIVER VIEW LOCAL SCHOOL DISTRICT COSHOCTON COUNTY JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

River View Local School District Coshocton County 29496 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, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with 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 Districts preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

River View Local School District Coshocton County Independent Auditor's Opinion Page 2

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, 2017, 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 (the Schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

River View Local School District Coshocton County Independent Auditor's Opinion Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2018, 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.

Dave Yost Auditor of State

Columbus, Ohio

March 14, 2018

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Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

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

Financial Highlights

Key financial highlights for 2017 are as follows:

- Net position decreased \$47,338, which represents a less than 1 percent decrease from 2016.
- Capital assets decreased \$419,440 during fiscal year 2017.
- During the fiscal year, outstanding debt decreased from \$628,063 to \$469,639 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, food service and permanent improvement funds are by far the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2017?" 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.

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

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.

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

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.

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 2017 compared to 2016:

Table 1 Net Position

	Governmental Activities					
		2017		2016		
Assets						
Current and Other Assets	\$	22,477,852	\$	22,547,788		
Capital Assets		6,077,282		6,496,722		
Total Assets		28,555,134		29,044,510		
Deferred Outflows of Resources						
		7 171 575		2.761.524		
Pension		7,171,575		2,761,524		
Liabilities						
Other Liabilities		2,277,323		2,347,128		
Long-Term Liabilities						
Due Within One Year		278,776		267,292		
Due in More Than One Year						
Net Pension Liability		35,506,408		27,956,730		
Other Amounts		1,063,366		1,158,152		
Total Liabilities		39,125,873		31,729,302		
Deferred Inflows of Resources						
Property Taxes Levied for the Next Year		9,033,624		10,241,833		
Pension		783,364		3,003,713		
Total Deferred Outflows of Resources		9,816,988		13,245,546		
Net Position						
Net Investment in Capital Assets		5,607,643		5,868,659		
Restricted		2,136,445		1,904,423		
Unrestricted		(20,960,240)		(20,941,896)		
Total Net Position	\$	(13,216,152)	\$	(13,168,814)		

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

In a previous year, the School District adopted Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27, which significantly revises accounting for pension costs and liabilities and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68. 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.

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.

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

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.

At year end, capital assets represented 21 percent of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture and fixtures and vehicles. Net investment in capital assets was \$5,607,643 at June 30, 2017. 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, \$2,136,445 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 \$20,960,240, which is primarily caused by the implementation of GASB 68.

The increase in long term liabilities and deferred outflows of resources for pension and the decrease in deferred inflows of resources for pension were primarily caused by changes related to net pension liability during 2017. Deferred inflows for resources for property taxes decreased due to increases in the amount available for advance and delinquent property taxes.

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Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

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 2017 and 2016.

Table 2 Changes in Net Position

	Governmental Activities				
	2017	2016			
Revenues					
Program Revenues:					
Charges for Services	\$ 2,622,238	\$ 2,034,654			
Operating Grants	3,082,659	3,031,860			
Capital Grants	0	105,608			
Total Program Revenues	5,704,897	5,172,122			
General Revenues:					
Property Taxes	10,739,558	10,406,676			
Grants and Entitlements Not Restricted	9,015,588	9,170,136			
Payments in Lieu of Taxes	0	18,610			
Other	357,292	175,500			
Total General Revenues	20,112,438	19,770,922			
Total Revenues	25,817,335	24,943,044			
Program Expenses					
Instruction:					
Regular	10,434,172	9,783,516			
Special	4,029,159	3,390,882			
Vocational	416,465	395,725			
Adult/Continuing	9,537	0			
Student Intervention Services	1,815	1,726			
Other	465	0			
Support Services:					
Pupils	975,258	938,584			
Instructional Staff	794,602	798,618			
Board of Education	107,084	99,581			
Administration	1,841,356	1,755,059			
Fiscal	798,492	717,843			
Operation and Maintenance of Plant	2,111,215	1,923,865			
Pupil Transportation	2,068,952	1,884,785			
Central	444,748	388,035			
Operation of Non-Instructional Services:	1 122 221	1.077.010			
Food Service Operations	1,133,221	1,077,819			
Community Services Extracurricular Activities	82,990 501,774	95,534 565,767			
Debt Service:	591,774	565,767			
Interest and Fiscal Charges	23,368	30,122			
Total Expenses	25,864,673	23,847,461			
Change in Net Position	(47,338)	1,095,583			
Net Position at Beginning of Year	(13,168,814)	(14,264,397)			
Net Position at End of Year	\$ (13,216,152)	\$ (13,168,814)			

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Charges for services revenue increased primarily because of an increase in open enrollment. Instruction expenses for special education increased primarily because of increase in excess costs and outside purchased services.

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			
	2	2017		2016		2017		2016	
Instruction:									
Regular	\$ 10	,434,172	\$	9,783,516	\$	8,724,727	\$	8,216,531	
Special		,029,159		3,390,882		2,045,018		1,948,951	
Vocational		416,465		395,725		357,403		338,711	
Adult/Continuing		9,537		0		9,537		0	
Student Intervention Services		1,815		1,726		1,815		1,726	
Other		465		0		465		0	
Support Services:									
Pupils		975,258		938,584		939,864		892,011	
Instructional Staff		794,602		798,618		533,153		425,491	
Board of Education		107,084		99,581		97,308		95,746	
Administration	1	,841,356		1,755,059		1,571,187		1,539,607	
Fiscal		798,492		717,843		798,492		717,843	
Operation and Maintenance of Plant	2	,111,215		1,923,865		2,071,862		1,908,248	
Pupil Transportation	2	,068,952		1,884,785		2,024,711		1,758,843	
Central		444,748		388,035		433,948		377,235	
Operation of Non-Instructional Services:									
Food Service Operations	1	,133,221		1,077,819		73,199		11,467	
Community Services		82,990		95,534		17,674		35,187	
Extracurricular Activities		591,774		565,767		436,045	377,620		
Debt Service:									
Interest and Fiscal Charges		23,368		30,122		23,368		30,122	
Total Expenses	\$ 25	,864,673	\$	23,847,461	\$	20,159,776	\$	18,675,339	

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

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Governmental Funds

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

The general fund's net change in fund balance for fiscal year 2017 was an increase of \$699,730, which was primarily caused by an increase in revenue for tuition and fees from open enrollment.

The fund balance of the permanent improvement fund increased by \$142,891.

The food service fund balance increased \$32,364.

General Fund Budgeting Highlights

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

During the course of fiscal year 2017, the School District amended its general fund budget. 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 \$21,693,949 was \$1,806,373 higher than original budget revenue of \$19,887,576. Property tax revenue estimates were adjusted as amounts collected were higher than originally estimated. There was also a large increase in estimated tuition and fees revenue due to an increase in open enrollment.

For the general fund, actual budget basis revenue was \$21,468,365, which was lower than the final budget basis revenue by \$225,584. This difference is primarily due to an overestimation of tuition and fees and miscellaneous revenue.

Final expenditure appropriations of \$22,995,850 were \$1,362,426 higher than the actual expenditures of \$21,633,424, primarily from cost savings for instruction and student support services throughout the year.

Final budget appropriations increased \$1,620,817 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.

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

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the School District had \$6,077,282 invested in capital assets. Table 4 shows fiscal year 2017 balances compared with 2016.

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

	Governmental Activities					
	2017			2016		
Land	\$	478,659	\$	478,659		
Construction in Progress		4,264		0		
Buildings and Building Improvements		3,892,180		4,344,077		
Furniture and Fixtures		941,608		943,991		
Vehicles		760,571		729,995		
Totals	\$	6,077,282	\$	6,496,722		

The \$419,440 decrease in capital assets was attributable to current year depreciation and disposals exceeding additional purchases. See Note 8 for more information about the capital assets of the School District.

Debt

At June 30, 2017, the School District had \$469,639 in debt outstanding. See Note 14 for additional details. Table 5 summarizes debt outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities				
		2017	2016		
School Energy Conservation Improvement Bonds	\$	412,787	\$	550,384	
Lease Obligations		56,852		77,679	
Total	\$	469,639	\$	628,063	

Current Issues

The School District remains strong financially at June 30, 2017; 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.

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. The District has been reduced to the minimum amount of millage required by the State of Ohio for funding. Therefore, the School District does realize some gain from reappraisals. The tax base in the District has become a concern due to devaluation of the Coal-Burning Power Plant located within the School District. The Power Plant is a major tax source for the School District. In October, 2017, the School District was notified of a significant reduction in Public Utility Tax Valuation due to a ruling on an impairment filed with the Ohio Department of Taxation. This reduction is an estimated \$1.2 million loss in tax revenue in beginning in fiscal year 2018.

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

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

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

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

Contacting the School District's Financial Management

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

Statement of Net Position June 30, 2017

	Governmental		
	Governmental Activities		
Assets			
Equity in Pooled Cash and Investments \$	9,806,627		
Cash and Cash Equivalents in Segregated Accounts	1,607,906		
Inventory Held For Resale	14,131		
Materials and Supplies Inventory	86,377		
Receivables:			
Accounts	36,360		
Intergovernmental	425,435		
Property Taxes	10,481,596		
Prepaid Items	19,420		
Nondepreciable Capital Assets	482,923		
Depreciable Capital Assets (Net)	5,594,359		
Total Assets \$	28,555,134		
Deferred Outflows of Resources			
Pension	7,171,575		
Liabilities			
	160 412		
Accounts Payable Accrued Wages and Benefits	169,412 1,370,870		
Contracts Payable	4,264		
Intergovernmental Payable	321,069		
Accrued Vacation Leave Payable	67,305		
Matured Compensated Absences Payable	31,384		
Accrued Interest Payable	4,410		
Claims Payable	308,609		
Long Term Liabilities:	,		
Due Within One Year	278,776		
Due In More Than One Year			
Net Pension Liability (See Note 12)	35,506,408		
Other Amounts Due In More Than One Year	1,063,366		
Total Liabilities	39,125,873		
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	9,033,624		
Pension	783,364		
Total Deferred Inflows of Resources	9,816,988		
Net Position			
Net Investment in Capital Assets	5,607,643		
Restricted For:	- , ,0 .0		
Capital Outlay	1,555,338		
Other Purposes	581,107		
Unrestricted	(20,960,240)		
Total Net Position \$	(13,216,152)		

See accompanying notes to the basic financial statements.

Statement of Activities For the Fiscal Year Ended June 30, 2017

		Program	Revenues	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 10,434,172	\$ 1,474,974	\$ 234,471	\$ (8,724,727)
Special	4,029,159	594,483	1,389,658	(2,045,018)
Vocational	416,465	0	59,062	(357,403)
Adult/Continuing	9,537	0	0	(9,537)
Student Intervention Services	1,815	0	0	(1,815)
Other	465	0	0	(465)
Support Services:				
Pupils	975,258	27,132	8,262	(939,864)
Instructional Staff	794,602	2,837	258,612	(533,153)
Board of Education	107,084	3,700	6,076	(97,308)
Administration	1,841,356	20,663	249,506	(1,571,187)
Fiscal	798,492	0	0	(798,492)
Operation and Maintenance of Plant	2,111,215	14,894	24,459	(2,071,862)
Pupil Transportation	2,068,952	0	44,241	(2,024,711)
Central	444,748	0	10,800	(433,948)
Operation of Non-Instructional Services:				
Food Service Operations	1,133,221	344,169	715,853	(73,199)
Community Services	82,990	0	65,316	(17,674)
Extracurricular Activities Debt Service:	591,774	139,386	16,343	(436,045)
Interest and Fiscal Charges	23,368	0	0	(23,368)
Total	\$ 25,864,673	\$ 2,622,238	\$ 3,082,659	(20,159,776)
	General Revenues Property Taxes Levie	od for		
	General Purposes	W 101.		10,215,136
	Capital Outlay			524,422
		ents Not Restricted to S	Specific Programs	9,015,588
	Gain on Sale of Capit		opecine i rograms	50,998
	Investment Earnings	tai Assets		44,792
	Miscellaneous			261,502
	Total General Reven	ues		201,502
	Change in Net Positi	on		(47,338)
	Net Position Beginni	ng of Year		(13,168,814)
	Net Position End of Y	Year		\$ (13,216,152)

Balance Sheet Governmental Funds June 30, 2017

		General	 Food Service	Permanent nprovement	Go	Other overnmental Funds	G 	Total overnmental Funds
Assets								
Equity in Pooled Cash and Investments	\$	7,814,973	\$ 274,521	\$ 1,487,278	\$	229,855	\$	9,806,627
Inventory Held For Resale		0	14,131	0		0		14,131
Materials and Supplies Inventory Receivables:		86,377	0	0		0		86,377
Accounts		36,360	0	0		0		36,360
Interfund		95,134	0	0		0		95,134
Intergovernmental		32,102	1,379	0		391,954		425,435
Property Taxes		9,961,035	0	520,561		0		10,481,596
Prepaid Items		19,420	0	0		0		19,420
Total Assets	\$	18,045,401	\$ 290,031	\$ 2,007,839	\$	621,809	\$	20,965,080
Liabilities								
Accounts Payable	\$	158,378	\$ 1,126	\$ 0	\$	9,908	\$	169,412
Accrued Wages and Benefits		1,199,390	46,611	0		124,869		1,370,870
Contracts Payable		0	0	4,264		0		4,264
Intergovernmental Payable		286,950	9,822	0		22,880		319,652
Matured Compensated Absences Payable		31,384	0	0		0		31,384
Interfund Payable		0	0	0		95,134		95,134
Total Liabilities	_	1,676,102	57,559	4,264		252,791		1,990,716
Deferred Inflows of Resources								
Property Taxes Levied for the Next Year		8,584,976	0	448,648		0		9,033,624
Unavailable Revenue		366,310	 0	 19,143		369,344		754,797
Total Deferred Inflows of Resources		8,951,286	 0	 467,791		369,344		9,788,421
Fund Balances								
Nonspendable		86,377	0	0		0		86,377
Restricted		0	232,472	1,535,784		200,596		1,968,852
Committed		76,845	0	0		0		76,845
Assigned		490,331	0	0		0		490,331
Unassigned		6,764,460	 0	 0		(200,922)		6,563,538
Total Fund Balances		7,418,013	232,472	1,535,784		(326)		9,185,943
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$	18,045,401	\$ 290,031	\$ 2,007,839	\$	621,809	\$	20,965,080

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2017

Total Governmental Fund Balances		\$ 9,185,943
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,077,282
Other long-term resources are not available to pay for current- period expenditures and therefore are deferred in the funds. Intergovernmental	\$ 369,344	754 707
Property Taxes The net pension liability is not due and payable in the current period;	385,453	754,797
therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds. Deferred Outflows - Pension Deferred Inflows - Pension Net Pension Liability	7,171,575 (783,364) (35,506,408)	(29,118,197)
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.		1,297,880
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(4,410)
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 Capital Lease Obligation Vacations Payable Compensated Absences	(412,787) (56,852) (67,305) (872,503)	(1.400.447)
Net Position of Governmental Activities	(6/2,303)	\$ (1,409,447) (13,216,152)

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2017

	General	Food Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Local Taxes	\$ 10,157,864	\$ 0	\$ 524,125	\$ 0	\$ 10,681,989
Intergovernmental	9,644,704	715,051	32,873	1,611,137	12,003,765
Investment Income	41,969	801	0	131	42,901
Tuition and Fees	2,028,425	0	0	56,062	2,084,487
Extracurricular Activities	23,823	0	0	113,990	137,813
Rentals	868	0	0	0	868
Charges for Services	54,912	344,169	0	0	399,081
Contributions and Donations	35,656	0	1,000	22,492	59,148
Miscellaneous	87,333	31,251	0	319	118,903
Total Revenues	22,075,554	1,091,272	557,998	1,804,131	25,528,955
Expenditures Current: Instruction:					
Regular	9,561,366	0	0	232,939	9,794,305
Special	3,003,365	0	0	804,451	3,807,816
Vocational	375,584	0	0	8,731	384,315
Adult Education	8,814	0	0	0,731	8,814
Other	465	0	0	0	465
Support Services:	403	U	U	U	403
Pupils	939,265	0		13,718	952,983
Instructional Staff	485,069	0	0	260,734	745,803
Board of Education	99,431	0	0	8,503	107,934
Administration	1,481,327	0	U	247,845	1,729,172
Fiscal	736,018	0	12,847	247,843	748,865
Operation and Maintenance of Plant	1,893,424	746	157,013	34,231	2,085,414
Pupil Transportation	1,719,070	0	329,112	0	2,048,182
Central		0		12,110	445,452
Extracurricular Activities	406,957	0	26,385 0	108,017	432,764
Operation of Non-Instructional Services:	324,747	U	U	108,017	432,764
Food Service Operations	0	1,058,162	0	7,754	1,065,916
Community Services	5,260	0	0	66,560	71,820
Capital Outlay	0	0	4,264	0	4,264
Debt Service:					
Principal Retirement	158,424	0	0	0	158,424
Interest and Fiscal Charges	24,837	0	0	0	24,837
Total Expenditures	21,223,423	1,058,908	529,621	1,805,593	24,617,545
Excess of Revenues Over (Under) Expenditures	852,131	32,364	28,377	(1,462)	911,410
Other Financing Sources					
Proceeds from Sale of Capital Assets	0	0	114,514	0	114,514
Insurance Recoveries	97,599	0	0	0	97,599
Transfers Out	(250,000)	0	0	0	(250,000)
Total Other Financing Sources	(152,401)	0	114,514	0	(37,887)
Net Change in Fund Balance	699,730	32,364	142,891	(1,462)	873,523
Fund Balances Beginning of Year	6,718,283	200,108	1,392,893	1,136	8,312,420
Fund Balances End of Year	\$ 7,418,013	\$ 232,472	\$ 1,535,784	\$ (326)	\$ 9,185,943

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, 2017

Net Change in Fund Balances - Total Governmental Funds			\$ 873,523
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.			
Capital Asset Additions	\$	556,460	
Current Year Depreciation	•	(912,384)	(355,924)
·			
Governmental funds only report the disposal of capital assets to the extent			
proceeds are received from the sale. In the Statement of Activities, a			
gain or loss is reported for each disposal.			(63,516)
Revenues in the Statement of Activities that do not provide current financial			
resources are not reported as revenues in the funds.			
Property Taxes		57,569	
Intergovernmental		79,409	136,978
Repayment of principal is an expenditure in the governmental funds, but			
the repayment reduces long-term liabilities in the Statement of Net Position.			158,424
Contractually required contributions are reported as expenditures in governmental funds;			1.716.252
however, the Statement of Net Position reports these amounts as deferred outflows.			1,716,353
Except for amount reported as deferred inflows/outflows, changes in the net pension			
liability are reported as pension expense in the Statement of Activities.			(2,635,631)
hability are reported as pension expense in the statement of Activities.			(2,033,031)
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			1,469
			-,
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.			212,224
uniong the governmental water made.			, :
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		(75,122)	
Vacations Payable		(16,116)	(91,238)
		(10,110)	 (>1,230)
Change in Net Position of Governmental Activities			\$ (47,338)

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2017

	Budgeted	Amounts		Variance with Final Budget
	Original	Final .	A atual	Over
Revenues	Original	Final	Actual	(Under)
Property and Other Local Taxes	\$ 8,903,142	\$ 9,629,470	\$ 9,625,692	\$ (3,778)
Intergovernmental	9,698,885	9,677,323	9,643,230	(34,093)
Investment Income	26,300	48,760	55,368	6,608
Tuition and Fees	1,114,277	2,093,134	2,014,452	(78,682)
Extracurricular Activities	36,820	36,820	100	(36,720)
Rentals	525	1,036	868	(168)
Charges for Services	3,000	54,736	54,566	(170)
Contributions and Donations	100	29,005	29,005	0
Miscellaneous	104,527	123,665	45,084	(78,581)
Total Revenues	19,887,576	21,693,949	21,468,365	(225,584)
Expenditures				
Current:				
Instruction:				
Regular	9,670,175	9,967,980	9,650,128	317,852
Special	2,923,378	3,221,447	3,016,502	204,945
Vocational	381,972	441,376	391,503	49,873
Adult Education	0	9,688	8,964	724
Student Intervention Services	4,668	866	0	866
Support Services:				
Pupils	945,547	1,022,263	924,317	97,946
Instructional Staff	481,672	564,635	484,527	80,108
Board of Education	147,627	171,782	139,056	32,726
Administration	1,587,737	1,589,390	1,506,093	83,297
Fiscal	730,106	820,911	772,618	48,293
Operation and Maintenance of Plant	1,710,100	2,035,778	1,992,387	43,391
Pupil Transportation	1,906,832	2,148,843	1,881,088	267,755
Central	399,051	492,507	385,205	107,302
Extracurricular Activities	318,571	340,787	297,825	42,962
Debt Service:				
Principal Retirement	137,597	137,597	158,424	(20,827)
Interest and Fiscal Charges	30,000	30,000	24,787	5,213
Total Expenditures	21,375,033	22,995,850	21,633,424	1,362,426
Excess of Revenues Over (Under) Expenditures	(1,487,457)	(1,301,901)	(165,059)	1,136,842
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	0	85,661	86,181	520
Refund of Prior Year Receipts	(5,000)	(5,000)	(275)	4,725
Insurance Recoveries	0	97,599	97,599	0
Advances In	0	0	199,588	199,588
Advances Out	0	0	(94,974)	(94,974)
Transfers Out	0	(250,000)	(250,000)	0
Total Other Financing Sources (Uses)	(5,000)	(71,740)	38,119	109,859
Net Change in Fund Balance	(1,492,457)	(1,373,641)	(126,940)	1,246,701
Fund Balance Beginning of Year	7,124,984	7,124,984	7,124,984	0
Prior Year Encumbrances Appropriated	322,899	322,899	322,899	0
Fund Balance End of Year	\$ 5,955,426	\$ 6,074,242	\$ 7,320,943	\$ 1,246,701

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, 2017

Orig			Budgeted Amounts inal Final			Actual		Variance with Final Budget Over (Under)	
Revenues		_							
Intergovernmental	\$	633,613	\$	700,732	\$	685,249	\$	(15,483)	
Investment Income		0		801		801		0	
Charges for Services		338,215		364,476		344,169		(20,307)	
Total Revenues		971,828		1,066,009		1,030,219		(35,790)	
Expenditures									
Current:									
Support Services:									
Operation and Maintenance of Plant		0		1,413		746		667	
Operation of Non-Instructional Services:									
Food Service Operations		1,034,154		1,105,834		1,042,454		63,380	
Total Expenditures		1,034,154		1,107,247		1,043,200		64,047	
Excess of Revenues Over (Under) Expenditures		(62,326)		(41,238)		(12,981)		28,257	
Other Financing Sources (Uses)									
Refund of Prior Year Expenditures		0		31,251		31,251		0	
Refund of Prior Year Receipts		0		(28)		(28)		0	
Total Other Financing Sources (Uses)		0		31,223		31,223		0	
Net Change in Fund Balance		(62,326)		(10,015)		18,242		28,257	
Fund Balance Beginning of Year		249,611		249,611		249,611		0	
Prior Year Encumbrances Appropriated		5,018		5,018		5,018		0	
Fund Balance End of Year	\$	192,303	\$	244,614	\$	272,871	\$	28,257	

Statement of Fund Net Position Proprietary Fund June 30, 2017

	Governmental Activities - Internal Service Fund		
Assets			
Current Assets			
Cash and Cash Equivalents in Segregated Accounts	\$	1,607,906	
Liabilities			
Current Liabilities			
Intergovernmental Payable		1,417	
Claims Payable		308,609	
Total Current Liabilities		310,026	
Net Position			
Unrestricted	\$	1,297,880	

Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Fund For the Fiscal Year Ended June 30, 2017

	Governmental Activities - Internal Service Fund
Operating Revenues Charges for Services	\$ 4,360,609
Charges for Services	Ψ,300,007
Operating Expenses	
Fringe Benefits	20
Purchased Services	762,228
Claims	3,638,942
Total Operating Expenses	4,401,190
Operating Income/(Loss)	(40,581)
Non-Operating Revenues	
Interest	2,805
Loss Before Transfers	(37,776)
Transfers In	250,000
Change in Net Position	212,224
Net Position Beginning of Year	1,085,656
Net Position End of Year	\$ 1,297,880

Statement of Cash Flows Proprietary Fund For the Fiscal Year Ended June 30, 2017

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities Cash Received from Interfund Services Cash Paid for Goods and Services Cash Paid for Employee Benefits Cash Paid for Claims Net Cash Used For Operating Activities	\$ 4,361,600 (764,032) (20) (3,623,801) (26,253)
Cash Flows From Non-Capital Financing Activities	
Transfers from Other Funds	250,000
Cash Flows From Investing Activities Interest on Investments	2,805
Net Increase in Cash and Cash Equivalents	226,552
Cash and Cash Equivalents, Beginning of Year	1,381,354
Cash and Cash Equivalents, End of Year	\$ 1,607,906
Reconciliation of Operating Income/(Loss) to Net Cash Provided By Operating Activities	
Operating Income/(Loss)	\$ (40,581)
Adjustments:	
Decrease (Increase) in Assets:	001
Accounts Receivable Increase (Decrease) in Liabilities:	991
Intergovernmental Payable	(1,804)
Claims Payable	15,141
Total Adjustments	14,328
Net Cash Provided By Operating Activities	\$ (26,253)

Statement of Fiduciary Net Position Fiduciary Funds June 30, 2017

	Priva 	Agency		
Assets Equity in Pooled Cosh and Investments	\$	34,090	\$	01 005
Equity in Pooled Cash and Investments	<u> </u>	34,090	J	81,805
Liabilities				
Accounts Payable		0	\$	2,200
Undistributed Monies		0		31,925
Due to Students		0		47,680
Total Liabilities		0	\$	81,805
Net Position				
Held in Trust for Scholarships	\$	34,090		

Statement of Changes in Fiduciary Net Position Private Purpose Trust Fund For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust		
Additions Investment Earnings	\$	19	
Deductions Payments in Accordance with Trust Agreements		600	
Change in Net Position	((581)	
Net Position Beginning of Year	34	,671	
Net Position End of Year	\$ 34	,090	

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

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.

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

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

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

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

B. Fund Accounting

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

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

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

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

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

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.

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

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 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.

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

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, 2017, but which were levied to finance fiscal year 2018 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.

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

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.

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

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

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

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 2017 amounted to \$41,969 which includes \$12,455 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."

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

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.

H. Capital Assets

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

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

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

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

I. Interfund Balances

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

J. Compensated Absences

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

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

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.

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.

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

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.

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.

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

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.

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 2017.

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, 2017, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 77, Tax Abatement Disclosures, GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, GASB Statement No. 80, Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14 and GASB Statement No. 82, Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of this statement did not result in any change in the School District's financial statements as the School District does not have any material GASB Statement No. 77 tax abatements; however, necessary disclosures have been reported in Note 21.

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

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

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

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

NOTE 3 – FUND DEFICITS

Fund balances at June 30, 2017 included the following individual fund deficits:

	Deficit			
Non-Major Governmental Funds:				
Public School Preschool	\$	28,282		
IDEA, Part B		45,190		
Title I		88,388		
Improving Teacher Quality		16,741		
Miscellaneous Federal Grant		22,321		

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).

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

- 3) Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).
- 4) Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

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

Net Change in Fund Balance

	 General	Food Service		
GAAP Basis	\$ 699,730	\$	32,364	
Net Adjustment for Revenue Accruals	(250,657)		(29,802)	
Net Adjustment for Expenditure Accruals	(109,956)		17,323	
Funds Budgeted Elsewhere	1,856		0	
Adjustment for Encumbrances	 (467,913)		(1,643)	
Budget Basis	\$ (126,940)	\$	18,242	

^{**} 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 statues classify monies held by the School District into three categories.

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

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

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

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

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:

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

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

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.

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 2017, the School District and public depositories complied with the provisions of these statutes.

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 \$9,844,891. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2017, \$1,015,066 of the School District's bank balance of \$9,874,428 was exposed to custodial risk as discussed above, while \$8,859,362 was covered by Federal Deposit Insurance Corporation.

Investments

As of June 30, 2017, the School District had the following investments and maturities:

		Investment Maturity											
Investment Type	Measurement Amount		6 Months or Less		7 to 12 Months		13 to 18 Months				Months	Percent of Total	
STAR Ohio	\$ 592,951	\$	592,951	\$	0	\$	0	\$	0	\$	0	35.18%	
Negotiable Certificates of Deposit	1,092,586	Φ.	247,326	Φ.	196,672	Ф.	249,451	Φ.	98,739	ф.	300,398	64.82%	
Total	\$ 1,685,537	\$	840,277	\$	196,672	\$	249,451	\$	98,739	\$	300,398	100.00%	

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

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2017. As discussed further in Note 2, STAR Ohio is reported at its share price. All other investments of the School District are valued using quoted market prices (Level 1 inputs).

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

Custodial Credit Risk For an investment, custodial risk is that risk that, in the event of the failure of the counterparty, the School District will no longer be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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, 2017, is 45 days and carries a rating of AAAm by S&P Global Ratings.

Concentration of Credit Risk. The School District places no limit on the amount that may be invested in any one issuer. The preceding table includes the percentage to total of each investment type held by the School District at June 30, 2017.

NOTE 6 – PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien December 31, 2015, were levied after April 1, 2016 and are collected in 2017 with real property taxes.

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

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, 2017, are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 in the general and permanent improvement funds was \$1,009,749 and \$52,769, respectively. The amount available for advance at June 30, 2016, in the general and permanent improvement funds was \$477,577 and \$29,124, 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.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2017 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 2017 taxes were collected are:

	2016 Second-Half				2017 First-Half			
		Collection	<u>S</u>	Collections				
		Amount	Percent		Amount	Percent		
Real Estate Public Utility Personal Property	\$	327,483,340 141,146,910	70% 30%	\$	326,594,365 120,115,650	73% 27%		
Total Assessed Value	\$	468,630,250	100%	\$	446,710,015	100%		
Tax rate per \$1,000 of assessed value	\$	31.30		\$	31.30			

NOTE 7 – RECEIVABLES

Receivables at June 30, 2017, 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.

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

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance 06/30/2016 Additions		Deletions	Balance 6/30/2017	
Governmental Activities					
Capital Assets Not Being Depreciated					
Land	\$ 478,659	\$ 0	\$ 0	\$ 478,659	
Construction in Progress	0	4,264	0	4,264	
Total Captial Assets Not Being Depreciated	478,659	4,264	0	482,923	
Capital Assets Being Depreciated					
Building and Improvements	14,493,795	23,538	(266,095)	14,251,238	
Furniture and Equipment	3,629,706	203,965	(99,844)	3,733,827	
Vehicles	3,123,072	324,693	(305,843)	3,141,922	
Total Capital Assets, Being Depreciated	21,246,573	552,196	(671,782)	21,126,987	
Less: Accumulated Depreciation					
Building and Improvements	(10,149,718)	(448,826)	239,486	(10,359,058)	
Furniture and Equipment	(2,685,715)	(192,873)	86,369	(2,792,219)	
Vehicles	(2,393,077)	(270,685)	282,411	(2,381,351)	
Total Accumulated Depreciation	(15,228,510)	(912,384) *	608,266	(15,532,628)	
Total Capital Assets Being Depreciated, Net	6,018,063	(360,188)	(63,516)	5,594,359	
Governmental Activities Capital Assets, Net	\$ 6,496,722	\$ (355,924)	\$ (63,516)	\$ 6,077,282	

^{*}Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 246,572
Special	10,782
Vocational	12,125
Student Intervention	1,815
Support Services:	
Pupils	5,725
Instructional Staff	3,631
Board of Education	983
Administration	26,397
Fiscal	908
Operation and Maintenance of Plant	123,777
Pupil Transportation	277,073
Central	23,321
Operation of Non-Instructional Services:	
Food Service Operations	32,923
Community Service	11,170
Extracurricular Activities	135,182
Total Depreciation Expense	\$ 912,384

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

NOTE 9 – INTERFUND ACTIVITY

A. Interfund Transfers

Transfers made during the fiscal year 2017 were as follows:

Fund	 Γransfer In	Transfer Out		
General Fund Internal Service Fund	\$ 0 250,000	\$	250,000	
Total	\$ 250,000	\$	250,000	

The general fund transferred \$250,000 to the internal service fund to provide additional resources for current operations.

B. Interfund Balances

Interfund balances at June 30, 2017, consist of the following:

	In	terfund	Interfund		
	Re	ceivable	P	ayable	
General	\$	95,134	\$	0	
Non-Major Governmental Funds:					
Public School Preschool		0		9,362	
Fifth Quarter Grant		0		8,392	
Alternative School		0		1,141	
Straight A		0		4,339	
IDEA, Part B		0		28,760	
Title I		0		30,686	
IDEA Preschool		0		591	
Improving Teacher Quality		0		6,497	
Miscellaneous Federal Grants		0		5,366	
Total	\$	95,134	\$	95,134	

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.

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

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 2017, the School District has insurance with Catlin Indemnity Company.

Commercial property liability insurance carries a blanket limit of \$70,001,3144 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 four-tier prescription plan with a \$0 generic premium, \$10 upper generic, \$30 formulary, or 25% of the cost with a maximum of \$50 for the non-formulary premium. The monthly premium coverage for this prescription plan is \$206.27 family and \$85.27 single premium. The School District has negotiated with its employees to pay a portion of their medical insurance premiums. The School District is responsible for payment of all medical, prescription and dental claim amounts in excess of the employee payment percentages established in the Plan document. The Board also provides single vision coverage through VSP to all full-time employees, with the option to purchase additional coverage. The premium for this plan is \$10.25 for spouse, \$11.70 for children and \$24.85 for family coverage.

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

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

The claims liability of \$308,609 reported in the internal service fund at June 30, 2017 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 2016 and 2017 were:

	alance at Seginning				В	alance at	
	of Year	 Claims		Payments	End of Year		
2016	\$ 324,042	\$ 3,263,947	\$	3,294,521	\$	293,468	
2017	\$ 293,468	\$ 3,638,942	\$	3,623,801	\$	308,609	

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.

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

NOTE 12 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before	Eligible to Retire on or after
	August 1, 2017*	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	Age 60 with 5 years of service credit	Age 62 with 10 years of service credit; or
Benefits	Age 55 with 25 years of service credit	Age 60 with 25 years of service credit

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

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

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

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

The School District's contractually required contribution to SERS was \$470,429 for fiscal year 2017. Of this amount, \$25,876 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2 percent of the original base benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

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

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

The School District's contractually required contribution to STRS was \$1,245,924 for fiscal year 2017. Of this amount, \$219,428 is reported as an intergovernmental payable.

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

The net pension liability was measured as of July 1 2016, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's employer allocation percentage of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	STRS		SERS		Total
Proportionate Share of the Net		_		_	 _
Pension Liability	\$	28,171,016	\$	7,335,392	\$ 35,506,408
Proportion of the Net Pension Liability:					
Current Measurement Date		0.08416038%		0.10022290%	
Prior Measurement Date		0.08160867%		0.09467910%	
Change in Proportionate Share		0.00255171%		0.00554380%	
Pension Expense	\$	1,805,764	\$	829,867	\$ 2,635,631

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

At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	 STRS	 SERS	 Total
Deferred Outflows of Resources			
Differences between Expected and			
Actual Experience	\$ 1,138,244	\$ 98,937	\$ 1,237,181
Net Difference between Projected and			
Actual Earnings on Pension Plan Investments	2,338,950	605,063	2,944,013
Changes of Assumptions	0	489,678	489,678
Changes in Proportion and Differences between			
School District Contributions and Proportionate			
Share of Contributions	547,309	237,041	784,350
School District Contributions Subsequent to the			
Measurement Date	1,245,924	470,429	1,716,353
Total Deferred Outflows of Resources	\$ 5,270,427	\$ 1,901,148	\$ 7,171,575
Deferred Inflows of Resources			
Changes in Proportion and Differences between			
School District Contributions and Proportionate			
Share of Contributions	\$ 755,419	\$ 27,945	\$ 783,364

\$1,716,353 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, 2018. 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:					
2018	\$	435,566	\$ 372,730	\$	808,296
2019		435,565	372,292		807,857
2020		1,333,087	483,822		1,816,909
2021		1,064,866	 173,930		1,238,796
	\$	3,269,084	\$ 1,402,774	\$	4,671,858

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.

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

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

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

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

Wage Inflation 3.00 percent

Future Salary Increases, including Inflation 3.50 percent to 18.20 percent

COLA or Ad Hoc COLA 3.00 percent

Investment Rate of Return 7.50 percent net of investment expense, including inflation

Actuarial Cost Method Entry Age Normal (Level Percent of Payroll)

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015. The assumed rate of inflation, payroll growth assumption and assumed real wage growth were reduced in the June 30, 2016 actuarial valuation. The rates of withdrawal, retirement and disability updated to reflect recent experience and mortality rates were also updated.

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

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

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

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

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

	Current					
	1% Decrease		Discount Rate		1% Increase	
		(6.50%) (7.50%)		(8.50%)		
School District's Proportionate Share		·		_		·
of the Net Pension Liability	\$	9,711,601	\$	7,335,392	\$	5,346,405

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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 no set back from age 90 and above.

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

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

	Target	Long Term Expected
Asset Class	Allocation	Real Rate of Return*
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
Total	100.00 %	<u>7.61</u> %

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

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

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

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

		Current					
		1% Decrease (6.75%)		Discount Rate (7.75%)		1% Increase (8.75%)	
School District's Proportionate Share	·			_		_	
of the Net Pension Liability	\$	37,436,991	\$	28,171,016	\$	20,354,620	

Changes Between Measurement Date and Report Date In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School District's net pension liability is expected to be significant.

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. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. 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.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, SERS did not allocate any employer contributions to the Health Care fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was \$23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the School District's surcharge obligation was \$48,742.

The School District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$48,742, \$47,563, and \$73,580, respectively. The full amount is reported as an intergovernmental payable for fiscal year 2017. The full amount has been contributed for fiscal years 2016 and 2015.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2017, 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care; therefore, the School District did not contribute to health care in the last three fiscal years.

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

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during the fiscal year 2017 were as follows:

	Outstanding 06/30/2016	Additions	Reductions	Outstanding 6/30/2017	Due Within One Year
Governmental Activities					
General Obligation Bonds					
School Energy Conservation					
Improvement Bonds	\$ 550,384	\$ 0	\$ (137,597)	\$ 412,787	\$ 137,597
Net Pension Liability					
STRS	22,554,249	5,616,767	0	28,171,016	0
SERS	5,402,481	1,932,911	0	7,335,392	0
Total Net Pension Liability	27,956,730	7,549,678	0	35,506,408	0
Other Long-Term Obligations					
Compensated Absences	797,381	190,679	(115,557)	872,503	119,704
Capital Leases	77,679	0	(20,827)	56,852	21,475
Total Other Long-Term Obligations	875,060	190,679	(136,384)	929,355	141,179
Total Governmental Activities					
Long-Term Obligations	\$ 29,382,174	\$ 7,740,357	\$ (273,981)	\$ 36,848,550	\$ 278,776

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.

Calcal Engage Consequation Insurance Danda

			School Energy Conservation Improvement Bonds						
		Principal		Interest			Total		
Year Ending June 30,	2018	\$	137,597	\$	17,747	\$	155,344		
	2019		137,595		11,293		148,888		
	2020		137,595		4,841		142,436		
		\$	412,787	\$	33,881	\$	446,668		

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

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 \$53,056 as of June 30, 2017, leaving a current book value of \$53,056.

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, 2017:

		Capital			
		1	Leases		
Fiscal Year Ending June 30,	2018	\$	22,920		
	2019		22,920		
	2020		13,370		
			59,210		
Less: Amount Representing Interest			(2,358)		
Present Value of Minimum Lease Payments		\$	56,852		

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 \$126,658 to OME-RESA during fiscal year 2017 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.

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

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 \$1,300 to the Career Center in 2017.

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 2017, the School District paid \$815 to META Solutions for various services. Financial information can be obtained from the Metropolitan Educational Technology Association, 100 Executive Drive, Marion, Ohio 43302.

NOTE 17 – SET ASIDES

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

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

		Capital
	Imp	provements
Set-aside Restricted Balance June 30, 2016	\$	0
Current Year Set-aside Requirement		357,163
Current Year Offsets		(533,352)
Totals	\$	(176,189)
Balance Carried Forward to Fiscal Year 2018	\$	0
Datance Carried Forward to Fiscar Tear 2010	Ψ	0
Set-aside Restricted Balance June 30, 2017	\$	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.

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

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, 2017, if applicable, cannot be determined at this time.

B. Litigation

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

C. School District Funding

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school districts, which can extend past the fiscal year end. ODE has finalized the impact of enrollment adjustments to the June 30, 2017 Foundation funding for the School District. These adjustments were insignificant for the School District for fiscal year 2017.

NOTE 19 – COMMITMENTS

A. Encumbrance Commitments

Outstanding encumbrances for governmental funds include \$307,577 for the general fund, \$145,216 in the permanent improvement fund, \$517 in the food service fund and \$25,326 in nonmajor governmental funds.

B. Contractual Commitments

As of June 30, 2017, the School District had contractual commitments for the HVAC project. Based on timing of when contracts are encumbered, contractual commitments identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note.

	Contractual					Balance		
	Commitment		Expended		June 30, 2017			
Brian Addis Architecht, LLC	\$	26,645	\$	4,264	\$	22,381		

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

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	\$ 86,377	\$ 0	\$ 0	\$ 0	\$ 86,377	
Restricted for:						
Capital Outlay	0	0	1,535,784	404	1,536,188	
Food Service	0	232,472	0	0	232,472	
State Funded Programs	0	0	0	146,569	146,569	
Federally Funded Programs	0	0	0	16,126	16,126	
Other Purposes	0	0	0	37,497	37,497	
Total Restricted	0	232,472	1,535,784	200,596	1,968,852	
Committed for:						
Underground Storage Tank	11,000	0	0	0	11,000	
Bus Reimbursement	65,845	0	0	0	65,845	
Total Comitted	76,845	0	0	0	76,845	
Assigned for:						
Encumbrances:						
Instruction	83,165	0	0	0	83,165	
Support Services	223,089	0	0	0	223,089	
Extracurricular Activities	1,323	0	0	0	1,323	
Subsequent Appropriations	145,502	0	0	0	145,502	
Other Purposes	37,252	0	0	0	37,252	
Total Assigned	490,331	0	0	0	490,331	
Unassigned	6,764,460	0	0	(200,922)	6,563,538	
Total Fund Balance	\$ 7,418,013	\$ 232,472	\$ 1,535,784	\$ (326)	\$ 9,185,943	

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

NOTE 21 – TAX ABATEMENTS

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

The School District's property taxes were reduced by \$17,865 in calendar year 2016 and \$23,889 in calendar year 2017 under various Enterprise Zone tax abatement agreements entered into by Coshocton County and the City of Coshocton.

Required Supplementary Information Schedule of the School District's Proportionate Share of the Net Pension Liability Last Four Fiscal Years (1)

State Teachers Retirement System (STRS)	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.08416038%	0.08160867%	0.08601254%	0.08601254%
School District's Proportionate Share of the Net Pension Liability	\$ 28,171,016	\$ 22,554,249	\$ 20,921,226	\$ 24,921,228
School District's Covered Payroll	\$ 8,572,064	\$ 8,483,471	\$ 9,400,569	\$ 9,462,246
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	328.64%	265.86%	222.55%	263.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%
School Employees Retirement System (SERS)				
School District's Proportion of the Net Pension Liability	0.10022290%	0.09467910%	0.09560700%	0.09560700%
School District's Proportionate Share of the Net Pension Liability	\$ 7,335,392	\$ 5,402,481	\$ 4,838,616	\$ 5,685,441
School District's Covered Payroll	\$ 3,130,164	\$ 3,259,810	\$ 3,396,162	\$ 2,523,056
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	234.35%	165.73%	142.47%	225.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

⁽¹⁾ Information prior to 2014 is not available.

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

Notes:

School Employees Retirement System (SERS)

Changes of Benefit Terms: None.

Changes of Assumptions: Amounts reported in 2017 reflect an adjustment of the rates of withdrawal, retirement and disability to more closely reflect actual experience and the expectation of retired life mortality was based on RP-2014 Blue Collar Mortality Tables and RP-2000 Disabled Mortality Table. The following reductions were also made to the actuarial assumptions:

- Discount rate from 7.75% to 7.50%
- Assumed rate of inflation from 3.25% to 3.00%
- Payroll growth assumption from 4.00% to 3.50%
- Assumed real wage growth from 0.75% to 0.50%

Required Supplementary Information Schedule of School District Contributions Last Ten Fiscal Years

State Teachers Retirement System (STRS)	2017		2016		2015		2014	
Contractually Required Contribution	\$	1,245,924	\$	1,200,089	\$	1,187,686	\$	1,222,074
Contributions in Relation to the Contractually Required Contribution		(1,245,924)		(1,200,089)		(1,187,686)		(1,222,074)
Contribution Deficiency (Excess)	\$	0	\$	0	\$	0	\$	0
School District's Covered Payroll	\$	8,899,457	\$	8,572,064	\$	8,483,471	\$	9,400,569
Contributions as a Percentage of Covered Payroll		14.00%		14.00%		14.00%		13.00%
School Employees Retirement System (SERS)								
Contractually Required Contribution	\$	470,429	\$	438,223	\$	429,643	\$	470,708
Contributions in Relation to the Contractually Required Contribution		(470,429)		(438,223)		(429,643)		(470,708)
Contribution Deficiency (Excess)	\$	0	\$	0	\$	0	\$	0
School District's Covered Payroll	\$	3,360,207	\$	3,130,164	\$	3,259,810	\$	3,396,162
Contributions as a Percentage of Covered Payroll		14.00%		14.00%		13.18%		13.86%

2013	2012	2011	2010	2009	2008
\$ 1,230,092	\$ 1,156,601	\$ 1,210,278	\$ 1,193,813	\$ 1,229,042	\$ 1,179,012
 (1,230,092)	 (1,156,601)	 (1,210,278)	 (1,193,813)	 (1,229,042)	 (1,179,012)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$ 9,462,246	\$ 8,896,931	\$ 9,309,831	\$ 9,183,177	\$ 9,454,169	\$ 9,069,323
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$ 349,191	\$ 408,372	\$ 410,874	\$ 423,914	\$ 374,783	\$ 373,157
 (349,191)	(408,372)	 (410,874)	(423,914)	(374,783)	(373,157)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$ 2,523,056	\$ 3,036,223	\$ 3,268,687	\$ 3,130,827	\$ 3,808,770	\$ 3,799,969
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

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

FEDERAL GRANTOR Pass-Through Grantor Program/Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE Passed Through Ohio Department of Education Child Nutrition Cluster:			
Non-Cash Assistance (Food Program): National School Lunch Program Cash Assistance:	10.555	2017	\$29,802
National School Breakfast Program National School Lunch Program Cash Assistance Subtotal	10.553 10.555	2017 2017	187,972 485,288 673,260
Total Child Nutrition Cluster			703,062
Team Nutrition Grants	10.574	SP 44-2013	7,754
Total U.S. Department of Agriculture			710,816
U.S. DEPARTMENT OF EDUCATION Passed Through Ohio Department of Education Title I Grants to Local Educational Agencies Total Title I Grants to Local Educational Agencies	84.010	S010A150035 S010A160035	\$50,954 571,356 622,310
Special Education Cluster (IDEA): Special Education - Grants to States (IDEA, Part B) Total Special Education - Grants to States (IDEA, Part B)	84.027	H027A150111 H027A150111	33,612 426,204 459,816
Special Education - Preschool Grants (IDEA Preschool) Total Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A150119 N/A	1,564 14,707 16,271
Total Special Education Cluster (IDEA)			476,087
Rural Education	84.358	N/A	34,016
Supporting Effective Instruction State Grants Total Supporting Effective Instruction State Grants	84.367	S367A150034 S367A160034	15,598 113,763 129,361
Teacher and School Leader Incentive Fund	84.374	S374A110174	24,940
Total U.S. Department of Education			1,286,714
U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES Passed Through Coshocton County Department of Job & Family Services TANF Cluster:			
Temporary Assistance for Needy Families	93.558	N/A	45,000
Total U.S. Department of Health and Human Services			45,000
Total Schedule of Expenditures of Federal Awards			\$2,042,530

The accompanying notes are an integral part of this Schedule.

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

NOTE A - BASIS OF PRESENTATION

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in 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 School District transferred the following amounts from 2017 to 2018 programs:

	CFDA	Amount
Program Title	Number	Transferred
Title I Grants to Local Educational Agencies	84.010	\$70,993
Special Education - Grants to States	84.027	25,549
Special Eduction - Preschool Grants	84.173	2,869
Total Education Cluster		\$28,418
Rural Low Income Grant	84.358	\$12,777
Supporting Effective Instruction for State Grants	84.367	\$43,344

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 29496 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, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 14, 2018.

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

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.

River View Local School District Coshocton County Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards* Page 2

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

School District's Response to Findings

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

Purpose of this Report

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

Dave Yost Auditor of State Columbus, Ohio

March 14, 2018

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 the 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, 2017. 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 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 2017-002 in the accompanying Schedule of Findings, the School District did not comply with requirements regarding *Special Tests and Provisions – Verification of Free and Reduced Price Applications* applicable to its CFDA #'s 10.553 and 10.555 Child Nutrition Cluster major federal program.

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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, 2017.

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, 2017.

Other Matters

The School District's response to our noncompliance finding is described in the accompanying Schedule of Findings and 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 2017-002.

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The School District's response to our internal control over compliance finding is described in the accompanying Schedule of Findings and 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.

Dave Yost Auditor of State

Columbus, Ohio

March 14, 2018

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SCHEDULE OF FINDINGS 2 CFR PART 200.515 JUNE 30, 2017

1. SUMMARY OF AUDITOR'S RESULTS

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

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

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

FINDING NUMBER 2017-001

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(H) states if a board of education of a school district disposes of real property under §§ 3313.41, 3313.411, or 3313.413 of the Revised Code, the proceeds received on or after September 29, 2013, from the sale shall be used for either of the following purposes:

- The retirement of any debt that was incurred by the district with respect to that real property.
 Proceeds in excess of the funds necessary to retire that debt may be paid into the School
 District's capital and maintenance fund and used only to pay for the costs of non-operating capital
 expenses related to technology infrastructure and equipment to be used for instruction and
 assessment;
- Payment into a special fund for the construction or acquisition of permanent improvements.

The School District sold the land and property of the Pleasant Valley school building and received \$114,514. There was not any outstanding debt related to the building. As such, the revenue should have been reported in the School District's Permanent Improvement Fund. However, the School District reported the proceeds into the General Fund.

Inaccurate reporting of revenue could lead to revenue being utilized for unallowable disbursements that do not correspond with the legally required intent of such money. Additionally, sound financial reporting is the responsibility of the School District and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The financial statements and accounting system have been adjusted accordingly.

The sale of real property should be reported in the School District's Permanent Improvement Fund unless it relates to outstanding debt. Then it should be reported in the fund where debt payments are being made with any excess of revenue over outstanding debt being reported in the Permanent Improvement Fund. To help ensure the School District's financial statements and notes to the financial statements are complete and accurate, the School District should adopt policies and procedures to identify and correct errors and omissions. In addition, the School District should review the financial statements and notes prior to submission for audit.

Officials' Response: See Corrective Action Plan.

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2017-002		
CFDA Title and Number	Child Nutrition Cluster: School Breakfast Program CFDA #10.553 National School Lunch Program CFDA #10.555		
Federal Award Identification Number / Year	2017		
Federal Agency	U.S. Department of Agriculture		
Compliance Requirement	Special Tests and Provisions – Verification of Free and Reduced Price Applications (NSLP)		
Pass-Through Entity	Ohio Department of Education		
Repeat Finding from Prior Audit?	Yes	Finding Number (if repeat)	2016-001

Noncompliance and Material Weakness

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

The School District selected five applications for verification. One family did not initially respond and their meal status was changed from free to denied or full pay status. After being denied meal benefits, the family submitted a new application and their status was changed from denied to reduced pay based upon the income information provided. However, no written evidence was maintained to support the reduced meal status for this family. 7 CFR Part 245.6a paragraph (j) documented that if verification activities fail to confirm eligibility for free or reduced price benefits or should the household fail to cooperate with verification efforts, the school or local educational agency shall reduce or terminate benefits, as applicable. As no support was provided or maintained, the family that did not provide support should not have been given a reduced meal benefit and should have been charged the full price for lunches. Furthermore, this would have led to receiving less program income from providing meals as well as being over reimbursed for claimed meals relating to this family's actual benefit usage.

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2017-002 (Continued)

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

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

Officials' Response: See Corrective Action Plan.



OFFICE OF THE TREASURER River View Local School District

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) June 30, 2017

Finding Number	Finding Summary	Status	Additional Information
2017-002 2016-001 2015-001	The verification process of verifying free and reduced food service applications.	Not Corrected	See Corrective Action Plan for Current Audit.

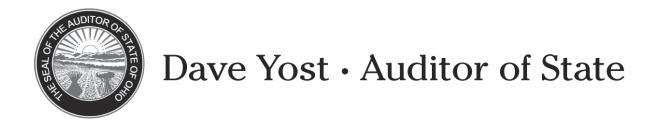


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CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) June 30, 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	A correcting entry was performed to move the funds to the Permanent Improvement Fund.	January 24, 2018	Lee Jane Williamson, Treasurer
2017-002	A new food service coordinator has been hired by the District so the coordinator will review the verification process and implement procedures to comply with federal requirements.	October 31, 2018	Kendra Whiteus, Food Service Coordinator.



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.

CLERK OF THE BUREAU

Susan Babbitt

CERTIFIED MARCH 27, 2018