



**Mary Taylor, CPA**  
Auditor of State



**RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT  
WAYNE COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rittman Exempted Village School District, Wayne County, Ohio, (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rittman Exempted Village School District, Wayne County, Ohio, as of June 30, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

**Mary Taylor, CPA**  
Auditor of State

February 13, 2009

## **Rittman Exempted Village School District**

### *Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2008*

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The discussion and analysis of the Rittman Exempted Village School District's (the School District's) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. 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 2008 are as follows:

- General Revenues accounted for \$8,987,874 in revenue or 84% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for approximately \$1,703,164 or 16% of total revenues of \$10,691,038.
- Total program expenses were \$9,498,588 in Governmental Activities.
- In total, net assets of Governmental Activities increased \$1,192,450, which represents a 30% increase from 2007.
- Outstanding bonds decreased \$133,932, through the refunding of school improvement bonds.

#### ***Reporting the School District as a Whole***

##### *Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities*, excluding fiduciary funds, using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the School District activities are listed as Governmental:

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

**Rittman Exempted Village School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*

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***Reporting the School District's Most Significant Funds***

*Fund Financial Statements*

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental funds are the General Fund, Bond Retirement Fund and Ohio School Facilities Commission (OSFC) Building Capital Project Fund.

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

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

The proprietary fund financial statements begin on page 18.

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

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

The fiduciary fund financial statements begin on page 21.

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



**Rittman Exempted Village School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*

**The School District as a Whole**

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

Table 1 provides a summary of the School District's net assets for 2008 compared to 2007:

**(Table 1)**  
**Net Assets**

	Governmental Activities	
	2008	2007
<b>Assets</b>		
Current and Other Assets	\$ 10,343,082	\$ 9,017,988
Capital Assets	9,560,055	9,732,035
Total Assets	19,903,137	18,750,023
<b>Liabilities</b>		
Long-Term Liabilities	9,724,685	9,996,309
Other Liabilities	5,051,798	4,819,510
Total Liabilities	14,776,483	14,815,819
<b>Net Assets</b>		
Invested in Capital		
Assets Net of Debt	883,444	1,279,676
Restricted	2,412,558	1,612,993
Unrestricted (Deficit)	1,830,652	1,041,535
Total Net Assets	\$ 5,126,654	\$ 3,934,204

Current and other assets increased \$1,325,094. This increase was primarily an increase in cash from the refunding of school improvement bonds.

Total liabilities decreased \$39,336. This decrease was the result of a decrease in contracts payable due to the construction project being completed and the payment of a bond for the Ohio School Facilities.

As a result of the above, overall net assets of the School District increased \$1,192,450, or 30% compared to fiscal year 2007.

**Rittman Exempted Village School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*

Table 2 shows the changes in net assets for fiscal year 2008 compared to 2007.

**(Table 2)**  
**Changes in Net Assets**

	Governmental Activities	
	2008	2007
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 543,857	\$ 573,055
Operating Grants	1,099,391	1,033,327
Capital Grants and Contributions	59,916	0
<i>General Revenue:</i>		
Property Taxes	3,778,797	4,084,283
Grants and Entitlements, not restricted	4,843,867	4,635,247
Other	365,210	388,560
<i>Total Revenues</i>	10,691,038	10,714,472
<b>Program Expenses</b>		
Instruction	5,480,195	5,467,437
Support Services	3,080,804	3,313,756
Extracurricular Activities	141,817	140,251
Interest and Fiscal Charges	312,383	456,565
Food Services	483,389	487,068
Uniform School Supplies	0	7,224
<i>Total Expenses</i>	9,498,588	9,872,301
Increase (Decrease) in Net Assets	\$ 1,192,450	\$ 842,171

The vast majority of revenues supporting governmental activities are the general revenues. General revenue totaled \$8,987,874 which is approximately 84 percent of total revenue. The most significant portion of the general revenues is intergovernmental revenues which account for 45 percent of total revenues. The intergovernmental revenues consist of State foundation, homestead and rollback, and personal property tax exemption. Property taxes account for approximately 35 percent of total revenue and other revenue accounts for 3 percent of total revenues. The remaining amount of revenue received was in the form of program revenues, which equaled \$1,703,164 or 16 percent of total revenue.

Total expenses decreased \$373,713, mostly comprised of a decrease of \$359,761 in operations and maintenance due to decrease in building maintenance.

**Rittman Exempted Village School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2008

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activities had total revenues of \$10,691,038 and expenses of \$9,498,587.

**(Table 3)**  
**Governmental Activities**

	2008		2007	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 5,480,194	\$ (4,575,691)	\$ 5,467,437	\$ (4,642,090)
Support Services:				
Pupil and Instructional Staff	878,699	(772,776)	801,335	(633,948)
Board of Education, Administration				
Fiscal and Business	1,056,446	(948,641)	1,023,289	(942,871)
Operation and Maintenance of Plant	941,689	(863,204)	1,301,450	(1,277,510)
Pupil Transportation and Central	203,970	(202,162)	187,682	(187,415)
Operation of Non-Instructional	483,389	(51,830)	494,292	(74,971)
Extracurricular Activities	141,817	(68,737)	140,251	(50,549)
Interest Charges	312,383	(312,383)	456,565	(456,565)
Total	<u>\$ 9,498,587</u>	<u>\$ (7,795,424)</u>	<u>\$ 9,872,301</u>	<u>\$ (8,265,919)</u>

Instruction and Student Support Services comprise 67% of governmental program expenses. Pupil transportation and the operation/maintenance of plant account for 12% of governmental program expenses.

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

***The School District's Funds***

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,668,187 and expenditures of \$10,152,754. The net change in fund balances for the year was most significant in the general and bond retirement funds. The general fund balance increased \$578,971 due to revenues continuing to exceed expenditures. The \$75,046 increase in the bond retirement fund was the result of tax revenues exceeding required principal and interest payments on outstanding debt.

***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.

**Rittman Exempted Village School District**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008*

During the course of fiscal year 2008, there were changes to the School District's total general fund budget. The School District uses site-based budgeting and the budgeting system which are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budget basis revenue of \$8,333,479 showed no change from the original budget estimates. The school district begins the fiscal year with a temporary budget. This is updated in September with Board approval of the permanent appropriations. Budget adjustments are made throughout the year as updated information becomes available.

Actual revenues of \$8,466,712 were \$133,233 more than the final budgeted amounts. This amount is insignificant.

Final expenditures of \$7,655,155 were \$897,152 lower than the \$8,552,307 in the final budget, this amount was due to a reduction in staff.

***Capital Assets and Debt Administration***

**Capital Assets**

At the end of fiscal year 2008, the School District had \$9,560,055 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2008 and 2007 balances net of depreciation.

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

	Governmental Activities	
	2008	2007
Land	\$ 142,554	\$ 142,554
Land Improvements	229,146	247,941
Buildings and Improvements	8,367,333	8,431,455
Furniture and Equipment	707,771	788,076
Vehicles	113,251	122,009
Totals	<u>\$ 9,560,055</u>	<u>\$ 9,732,035</u>

The \$171,980 decrease in capital assets was attributable to the total effect of depreciation expense exceeding additional purchases. See Note 8 to the basic financial statements for detail of the School District's capital assets.

House Bill 345 requires the School District to set aside \$162.09 per pupil in each of two areas, one for the purchase of textbooks and materials related to instruction and the other for capital outlay. For fiscal year 2008, this amounted to \$165,905 for each set aside. The School District had qualifying disbursements or offsets exceeding these requirements for capital improvements. At June 30, 2008, the School District was required to set aside \$65,585 for the purchase of textbooks and instructional materials in future fiscal years. More detailed information is presented in Note 18.

**Rittman Exempted Village School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2008

**Debt**

At June 30, 2008, the School District had \$9,033,668 in bonds outstanding with \$300,000 due within one year. Table 5 summarizes bonds outstanding. See Note 12 for additional details on the School District's long-term obligations.

**(Table 5)**  
**Outstanding Debt, at June 30**

	2008	2007
OSFC Construction Bonds		
Construction Bonds	\$ 250,000	\$ 8,620,000
Capital appreciation bonds	405,000	405,000
Accretion on capital appreciation bonds	201,442	142,600
2007 School Improvement Refunding Bonds		
Serial and Term Bonds	7,775,000	0
Capital appreciation bonds	204,993	0
Accretion on capital appreciation bonds	52,530	0
Unamortized Premium	486,249	0
Refunding Loss	(341,546)	0
	\$ 9,033,668	\$ 9,167,600

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

On October 17, 2007, the School District issued \$8,124,993 of voted general obligation bonds, which includes serial, term and capital appreciation (deep discount) bonds. The bonds advance refunded \$8,125,000 of outstanding 2004 School Improvement General Obligation Bonds.

***Current Issues***

Rittman Exempted Village School District receives approximately 54% of its general revenue from the State. The School District does receive additional revenue for increased enrollment, but 2008 showed a slight decrease in enrollment. Future projections also show a decrease in enrollment which will in turn decrease our State share. Future enrollment projections show a stabilizing of the School District enrollment. With a stabilizing of enrollment and a drop in total School District valuation caused by the elimination of tangible personal property tax brought about in HB66, the School District will see an increase in state funding.

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

The School District relies on its local property taxpayers. The last operating levy was passed in 1999, for 6.7 mills, for five years. This levy expired in 2004. A \$1,000,000 emergency levy was defeated in November 2004. In May and August of 2005, a \$1,555,000 emergency levy was defeated. A reduction in force took place. In May 2006, the School District passed a five-year emergency levy for \$950,000.

**Rittman Exempted Village School District**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008*

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Due to changes from HB66, 9.25 mills are needed to collect this levy. The additional burden on homeowners is the result of decreasing business taxes including the tangible personal property tax.

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

The School District experienced a reduction in force at the end of the 2005 and 2006 fiscal years. Thirteen certified staff, two administrator and eleven classified staff were reduced, due to the decline in enrollment. The resulting savings will help balance the School District's budget. Reductions in spending on instructional supplies and equipment will also help eliminate the expected deficit.

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

***Contacting the School District's Financial Management***

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mark Dickerhoof, Treasurer of Rittman Exempted Village School District, 75 North Main Street, Rittman, Ohio 44270.

**Rittman Exempted Village School District**

*Statement of Net Assets*

*June 30, 2008*

	Primary Government	Component Unit
	Governmental Activities	Rittman Academy
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 4,170,908	\$ 271,572
Investments	2,035,617	0
Receivables:		
Taxes	3,897,422	0
Accounts	608	0
Intergovernmental	84,625	7,603
Inventory Held For Resale	10,035	0
Deferred Charges	143,867	0
Nondepreciable Capital Assets	142,554	0
Depreciable Capital Assets, Net	9,417,501	31,639
<i>Total Assets</i>	<u>19,903,137</u>	<u>310,814</u>
<b>Liabilities</b>		
Accounts Payable	241,475	1,500
Accrued Wages and Benefits	909,107	0
Accrued Vacation Payable	11,468	0
Matured Compensated Absences Payable	46,639	0
Accrued Interest	27,212	0
Intergovernmental Payable	232,791	22,847
Deferred Revenue	3,572,305	0
Claims Payable	10,801	0
Long Term Liabilities:		
Due Within One Year	335,726	0
Due in More Than One Year	9,388,959	0
<i>Total Liabilities</i>	<u>14,776,483</u>	<u>24,347</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	883,444	31,639
Restricted for:		
Capital Projects	1,563,367	0
Debt Service	638,654	0
Set Asides	65,585	0
Other Purposes	48,653	464
Budget Reserve	96,299	0
Unrestricted	1,830,652	254,364
<i>Total Net Assets</i>	<u>\$ 5,126,654</u>	<u>\$ 286,467</u>

See accompanying notes to the basic financial statements.

**Rittman Exempted Village School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental	Unit
<b>Governmental Activities</b>						
Instruction:						
Regular	\$ 4,389,728	\$ 172,681	\$ 124,027	\$ 0	\$ (4,093,020)	\$ 0
Special	942,078	57,812	544,851	0	(339,415)	0
Vocational	77,553	0	5,133	0	(72,420)	0
Other	70,836	0	0	0	(70,836)	0
Support Services:						
Pupils	349,644	0	68,691	0	(280,953)	0
Instructional Staff	529,055	0	37,232	0	(491,823)	0
Board of Education	69,254	0	0	0	(69,254)	0
Administration	661,464	18,122	57,735	0	(585,607)	0
Fiscal	325,728	14,239	17,709	0	(293,780)	0
Operation and Maintenance of Plant	941,689	0	20,377	58,108	(863,204)	0
Pupil Transportation	203,970	0	0	1,808	(202,162)	0
Operation of Non-Instructional Services:						
Food Service Operations	483,389	207,923	223,636	0	(51,830)	0
Extracurricular Activities	141,817	73,080	0	0	(68,737)	0
Interest and Fiscal Charges	312,383	0	0	0	(312,383)	0
<i>Total Governmental Activities</i>	<u>\$ 9,498,588</u>	<u>\$ 543,857</u>	<u>\$ 1,099,391</u>	<u>\$ 59,916</u>	<u>(7,795,424)</u>	<u>0</u>
<b>Component Unit</b>						
Rittman Academy	<u>\$ 210,270</u>	<u>\$ 0</u>	<u>\$ 11,694</u>	<u>\$ 0</u>	<u>0</u>	<u>(198,576)</u>
<b>General Revenues</b>						
Property Taxes Levied for:						
General Purposes					3,024,109	0
Debt Service					553,048	0
Capital Outlay					201,640	0
Grants and Entitlements not Restricted to Specific Programs					4,843,867	270,794
Investment Earnings					232,656	0
Miscellaneous					132,554	0
<i>Total General Revenues</i>					<u>8,987,874</u>	<u>270,794</u>
<i>Change in Net Assets</i>					1,192,450	72,218
<i>Net Assets Beginning of Year</i>					<u>3,934,204</u>	<u>214,249</u>
<i>Net Assets End of Year</i>					<u>\$ 5,126,654</u>	<u>\$ 286,467</u>

See accompanying notes to the basic financial statements.



**Rittman Exempted Village School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2008*

	General	Bond Retirement	OSFC Building Project	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 1,281,571	\$ 621,864	\$ 688,221	\$ 279,758	\$ 2,871,414
Investments	1,334,045	0	701,572	0	2,035,617
Restricted Cash and Cash Equivalents	171,600	0	0	0	171,600
Receivables:					
Taxes	3,156,049	526,028	0	215,345	3,897,422
Accounts	0	0	0	608	608
Intergovernmental	7,000	0	0	77,625	84,625
Inventory Held For Resale	0	0	0	10,035	10,035
<i>Total Assets</i>	<u>\$ 5,950,265</u>	<u>\$ 1,147,892</u>	<u>\$ 1,389,793</u>	<u>\$ 583,371</u>	<u>\$ 9,071,321</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 146,549	\$ 0	\$ 0	\$ 23,626	\$ 170,175
Accrued Wages and Benefits	818,822	0	0	90,285	909,107
Accrued Vacation Payable	11,468	0	0	0	11,468
Matured Compensated Absences Payable	35,024	0	0	11,615	46,639
Intergovernmental Payable	206,241	0	0	26,550	232,791
Deferred Revenue	2,968,575	493,546	0	270,222	3,732,343
<i>Total Liabilities</i>	<u>4,186,679</u>	<u>493,546</u>	<u>0</u>	<u>422,298</u>	<u>5,102,523</u>
<b>Fund Balances</b>					
Fund Balances:					
Reserved for Encumbrances	75,523	0	600	53,103	129,226
Reserved for Bus Purchases	9,716	0	0	0	9,716
Reserved for Property Taxes	194,474	32,482	0	13,044	240,000
Reserved for Budget Stabilization	96,299	0	0	0	96,299
Reserved for Textbooks	65,585	0	0	0	65,585
Unreserved:					
Undesignated, Reported in:					
General Fund	1,321,989	0	0	0	1,321,989
Special Revenue Funds	0	0	0	(11,981)	(11,981)
Debt Service Fund	0	621,864	0	0	621,864
Capital Projects Funds	0	0	1,389,193	106,907	1,496,100
<i>Total Fund Balances</i>	<u>1,763,586</u>	<u>654,346</u>	<u>1,389,793</u>	<u>161,073</u>	<u>3,968,798</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 5,950,265</u>	<u>\$ 1,147,892</u>	<u>\$ 1,389,793</u>	<u>\$ 583,371</u>	<u>\$ 9,071,321</u>

See accompanying notes to the basic financial statements.

**Rittman Exempted Village School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2008*

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**Total Governmental Fund Balances** \$ 3,968,798

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 9,560,055

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

Grants	\$ 74,921
Delinquent Property Taxes	<u>85,117</u>

Total 160,038

In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued. 143,867

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due. (27,212)

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 1,045,793

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

Capital Leases Payable	(40,782)
General Obligation Bonds	(8,025,000)
Capital Appreciation Bonds	(609,993)
Bond Accretion	(253,972)
Unamortized Bond Premium	(486,249)
Refunding Loss	341,546
Compensated Absences	<u>(650,235)</u>

Total (9,724,685)

*Net Assets of Governmental Activities* \$ 5,126,654

See accompanying notes to the basic financial statements.

**Rittman Exempted Village School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2008*

	General	Bond Retirement	OSFC Building Project	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property and Other Local Taxes	\$ 3,018,126	\$ 552,239	\$ 0	\$ 200,382	\$ 3,770,747
Intergovernmental	4,916,007	123,177	0	949,189	5,988,373
Investment Income	190,882	0	41,774	0	232,656
Tuition and Fees	219,503	0	0	8,991	228,494
Rent	2,000	0	0	0	2,000
Extracurricular Activities	0	0	0	73,079	73,079
Charges for Services	0	0	0	240,284	240,284
Miscellaneous	55,839	0	0	76,715	132,554
<i>Total Revenues</i>	<u>8,402,357</u>	<u>675,416</u>	<u>41,774</u>	<u>1,548,640</u>	<u>10,668,187</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	4,118,916	0	0	127,853	4,246,769
Special	649,634	0	0	336,328	985,962
Vocational	77,478	0	0	0	77,478
Other	75,444	0	0	0	75,444
Support Services:					
Pupils	239,027	0	0	126,961	365,988
Instructional Staff	505,002	0	0	50,937	555,939
Board of Education	69,254	0	0	0	69,254
Administration	611,964	0	0	86,735	698,699
Fiscal	278,814	7,769	0	47,804	334,387
Operation and Maintenance of Plant	911,691	0	0	21,879	933,570
Pupil Transportation	188,627	0	0	0	188,627
Extracurricular Activities	50,540	0	0	91,277	141,817
Operation of Non-instructional Services:					
Food Service Operations	0	0	0	493,421	493,421
Capital Outlay	0	0	25,567	184,972	210,539
Debt Service:					
Principal Retirement	0	390,000	0	29,082	419,082
Interest and Fiscal Charges	0	203,465	0	2,452	205,917
Issuance Costs	0	149,861	0	0	149,861
<i>Total Expenditures</i>	<u>7,776,391</u>	<u>751,095</u>	<u>25,567</u>	<u>1,599,701</u>	<u>10,152,754</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>625,966</u>	<u>(75,679)</u>	<u>16,207</u>	<u>(51,061)</u>	<u>515,433</u>
<b>Other Financing Sources (Uses)</b>					
Refunding Bonds Issued	0	8,124,993	0	0	8,124,993
Premium on Refunding Bonds Issued	0	506,509	0	0	506,509
Payment to Refunded Bond Escrow Agent	0	(8,480,777)	0	0	(8,480,777)
Transfers In	0	0	0	46,995	46,995
Transfers Out	(46,995)	0	0	0	(46,995)
<i>Total Other Financing Sources (Uses)</i>	<u>(46,995)</u>	<u>150,725</u>	<u>0</u>	<u>46,995</u>	<u>150,725</u>
<i>Net Change in Fund Balances</i>	578,971	75,046	16,207	(4,066)	666,158
<i>Fund Balances Beginning of Year</i>	<u>1,184,615</u>	<u>579,300</u>	<u>1,373,586</u>	<u>165,139</u>	<u>3,302,640</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,763,586</u>	<u>\$ 654,346</u>	<u>\$ 1,389,793</u>	<u>\$ 161,073</u>	<u>\$ 3,968,798</u>

See accompanying notes to the basic financial statements.

**Rittman Exempted Village School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2008*

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**Net Change in Fund Balances - Total Governmental Funds** \$ 666,158

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

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

Capital Asset Additions	\$ 284,993	
Current Year Depreciation	(456,973)	
Total		(171,980)

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

Grants	14,801	
Delinquent Property Taxes	8,050	
Total		22,851

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

Bond Principal Paid to Refunded Bond Escrow Agent	8,125,000	
Bond Principal	390,000	
Capital Leases	29,082	
Total		8,544,082

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

Accrued Interest	4,871	
Accretion on Capital Appreciation Bonds	(111,372)	
Refunding Loss	341,546	
Bond Premium	(486,249)	
Total		(251,204)

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

143,867

Refunding bonds issued in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues.

(8,124,993)

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

108,610

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

255,059

*Change in Net Assets of Governmental Activities*

\$ 1,192,450

See accompanying notes to the basic financial statements.

**Rittman Exempted Village School District**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual*  
General Fund  
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 3,187,300	\$ 3,187,300	\$ 3,138,469	\$ (48,831)
Intergovernmental	4,794,179	4,794,179	4,948,689	154,510
Investment Income	150,000	150,000	152,773	2,773
Tuition and Fees	150,000	150,000	173,668	23,668
Rentals	2,000	2,000	2,000	0
Miscellaneous	50,000	50,000	51,113	1,113
<i>Total Revenues</i>	<u>8,333,479</u>	<u>8,333,479</u>	<u>8,466,712</u>	<u>133,233</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	5,575,651	4,860,615	4,026,266	834,349
Special	625,310	675,982	674,501	1,481
Vocational	38,830	78,830	75,253	3,577
Other	39,088	72,088	71,947	141
Support Services:				
Pupils	214,826	230,182	232,249	(2,067)
Instructional Staff	393,954	530,173	521,435	8,738
Board of Education	93,592	94,839	70,413	24,426
Administration	345,411	588,442	587,462	980
Fiscal	258,725	283,392	287,441	(4,049)
Operation and Maintenance of Plant	893,994	880,141	880,906	(765)
Pupil Transportation	131,525	187,407	182,790	4,617
Central	0	2,072	0	2,072
Extracurricular Activities	60,844	60,844	44,492	16,352
Capital Outlay	7,300	7,300	0	7,300
<i>Total Expenditures</i>	<u>8,679,050</u>	<u>8,552,307</u>	<u>7,655,155</u>	<u>897,152</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(345,571)</u>	<u>(218,828)</u>	<u>811,557</u>	<u>1,030,385</u>
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Expenditures	521	521	5,726	5,205
Advances In	0	0	5,978	5,978
Advances Out	(2,989)	(2,989)	0	2,989
Transfers Out	(160,615)	(160,615)	(51,000)	109,615
<i>Total Other Financing Sources (Uses)</i>	<u>(163,083)</u>	<u>(163,083)</u>	<u>(39,296)</u>	<u>123,787</u>
<i>Net Change in Fund Balance</i>	(508,654)	(381,911)	772,261	1,154,172
<i>Fund Balance Beginning of Year</i>	1,651,346	1,651,346	1,651,346	0
Prior Year Encumbrances Appropriated	142,666	142,666	142,666	0
<i>Fund Balance End of Year</i>	<u>\$ 1,285,358</u>	<u>\$ 1,412,101</u>	<u>\$ 2,566,273</u>	<u>\$ 1,154,172</u>

See accompanying notes to the basic financial statements.

**Rittman Exempted Village School District**  
*Statement of Fund Net Assets*  
*Proprietary Fund*  
*June 30, 2008*

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	<u>Governmental Activities - Internal Service Fund</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,127,894
<b>Liabilities</b>	
Accounts Payable	71,300
Claims Payable	<u>10,801</u>
<i>Total Current Liabilities</i>	<u>82,101</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$ 1,045,793</u></u>

See accompanying notes to the basic financial statements.

**Rittman Exempted Village School District**  
*Statement of Revenues, Expenditures, and Changes in Fund Net Assets*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2008*

	<u>Governmental Activities - Internal Service Fund</u>
<b>Operating Revenues</b>	
Charges for Services	<u>\$ 828,195</u>
<b>Operating Expenses</b>	
Purchased services	146,747
Claims	<u>426,389</u>
<i>Total Operating Expenses</i>	<u>573,136</u>
<i>Change in Net Assets</i>	255,059
<i>Net Assets Beginning of Year</i>	<u>790,734</u>
<i>Net Assets End of Year</i>	<u><u>\$ 1,045,793</u></u>

See accompanying notes to the basic financial statements.

**Rittman Exempted Village School District**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Fiscal Year Ended June 30, 2008

	<u>Governmental Activities - Internal Service Fund</u>
<b><i>Increase in Cash and Cash Equivalents</i></b>	
<b>Cash Flows From Operating Activities</b>	
Cash Received for Interfund Services	\$ 899,495
Cash Paid for Goods and Services	(146,747)
Cash Payments for Claims	<u>(546,599)</u>
<i>Net Cash Provided by Operating Activities</i>	<u>206,149</u>
 <i>Net Increase in Cash and Cash Equivalents</i>	 206,149
 <i>Cash and Cash Equivalents Beginning of Year</i>	 <u>921,745</u>
 <i>Cash and Cash Equivalents End of Year</i>	 <u>\$ 1,127,894</u>
 <b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities</b>	
 <i>Operating Income</i>	 <u>\$ 255,059</u>
 Adjustments:	
Increase (Decrease) in Liabilities	
Accounts Payable	71,300
Claims Payable	<u>(120,210)</u>
 <i>Net Cash Provided by Operating Activities</i>	 <u>\$ 206,149</u>

See accompanying notes to the basic financial statements.



**Rittman Exempted Village School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Fund*  
*June 30, 2008*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ <u>6,681</u>
<b>Liabilities</b>	
Undistributed Monies	\$ <u>6,681</u>

See accompanying notes to the basic financial statements.

## **Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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### **Note 1 – Description of the School District**

The Rittman Exempted Village School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by state and federal agencies. Average daily membership on, or as of, October 1, 2007, was 1,097. The School District employs 74 certificated and 41 non-certificated employees.

#### ***Reporting Entity***

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

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

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

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

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 1 – Description of the School District (Continued)**

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

**Note 2 - Summary of Significant Accounting Policies**

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

***A. Basis of Presentation***

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

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

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

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

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***B. Fund Accounting***

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

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

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

***Bond Retirement Fund*** The Bond Retirement Fund is used to account for the accumulation of property tax revenues for, and the payment of, general obligation bonds used for the upgrade of school facilities.

***Ohio School Facilities Commission (OSFC) Building Project Fund*** The OSFC Building Project Fund is used to account for the receipts and expenditures related to all special bond funds in the School District. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

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

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

***Internal Service Fund*** The Internal Service Fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only Internal Service Fund accounts for a self-insurance program for employee medical, dental and prescription drug benefits.

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

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***C. Measurement Focus***

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

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

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

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

***D. Basis of Accounting***

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

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

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

***E. Cash and Cash Equivalents***

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

During fiscal year 2008, the School District investments included a repurchase agreement account and deposits in STAROhio (the State Treasury Asset Reserve) and various securities. See Note 5 for a full listing of the School District's investments.

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

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

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2008. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2008.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the General Fund during fiscal year 2008 amounted to \$190,882, which includes \$77,342 assigned from other School District funds.

For presentation on the financial statements, investments of the cash management pool and investments with maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

***F. Inventory***

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

***G. Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***H. Restricted Assets***

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

***I. Compensated Absences***

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. These amounts are recorded as vacation benefits payable in the basic financial statements.

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

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

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

***J. Accrued Liabilities and Long-term Obligations***

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

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



**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***K. Net Assets***

Net assets represent the difference between assets and liabilities. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2008, none of the School District's net assets were restricted by enabling legislation. Net assets restricted for other purposes primarily include instruction of students and extracurricular activities.

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

***L. Fund Balance Reserves***

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

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

***M. Interfund Activity***

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

***N. Operating Revenues and Expenses***

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

***O. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2008.

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***P. Estimates***

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

***Q. Budgetary Data***

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2008.

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

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

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

***R. Implementation of New Accounting Policies***

For the year ended June 30, 2008, the School District has implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", and GASB Statement No. 50, "Pension Disclosures – An Amendment of GASB Statements No. 25 and No. 27."

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

GASB Statement No. 45 provides guidance on all aspects of OPEB reporting by employers. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

GASB Statement No. 48 provides guidance on accounting for sales and pledges of receivables and future revenues. The Statement also requires governments to disclose in the notes to the financial statements the amount of future revenues that have been pledged or sold.

GASB Statement No. 49 provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts.

GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of GASB Statement No. 25, *“Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Deferred Contribution Plans,”* and GASB Statement No. 27, *“Accounting for Pensions by State and Local Governmental Employers,”* to conform with requirements of GASB Statement No. 43, *“Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,”* and GASB Statement No. 45, *“Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.”*

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

**Note 3 – Accountability**

Fund balances at June 30, 2008 included the following individual fund deficits:

	<u>Deficit</u> <u>Fund Balance</u>
Nonmajor Governmental Funds:	
Food Service	\$ 9,897
Rittman -Orrville Compact	7,161
Emis Subsidy	30
Title VI-B	32,323
Title I	18,194
Title VI	1,384
Drug Free Schools	1,626
Title VI-R	12,077

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

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 4 – Budgetary Basis of Accounting**

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

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

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

**Net Change in Fund Balance**

	<u>General</u>
GAAP Basis	\$ 578,971
Advance In	5,978
Net Adjustment for Revenue Accruals	70,081
Net Adjustment for Expenditure Accruals	329,248
Encumbrances (Budget Basis)	<u>(212,017)</u>
Budget Basis	<u>\$ 772,261</u>

**Note 5 – Deposits and Investments**

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

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

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 5 – Deposits and Investments (Continued)**

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

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

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

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

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

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

**Note 5 – Deposits and Investments (Continued)**

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

*Deposits* - At fiscal year-end, the carrying amount of the School District's deposits was \$431,353 and the bank balance was \$458,028. Of the bank balance:

1. \$160,292 was covered by federal depository insurance; and
2. \$297,736 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution’s name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

*Investments* – Investments are reported at fair value. As of June 30, 2008, the School District had the following investments:

Rating by Moody	Entity	Fair Value	Investment Maturities			Percentage Of Total Investment
			In Months (0-6)	In Months (7-12)	In Months More than 24	
N/A	Fifth Third-Repurchase Agreement	\$ 2,403,000	\$ 2,403,000	\$ 0	\$ 0	41.56%
N/A	Fifth Third-Money Market	681,449	681,449	0	0	11.79%
AAAm	STAROhio	672,462	672,462	0	0	11.63%
Aaa	Federal Home Loan Bank	457,830	151,172	0	306,658	7.92%
Aaa	FFCB Discount	196,980	0	196,980	0	3.41%
Aaa	FNMA Discount	98,040	0	98,040	0	1.70%
Aaa	Freddie Mac Discount	199,320	199,320	0	0	3.45%
Aaa	Freddie Mac	380,266	100,906	177,735	101,625	6.57%
Aaa	Fannie Mae Discount	593,100	299,850	293,250	0	10.25%
Aaa	Fannie Mae	99,406	0	0	99,406	1.72%
		<u>\$ 5,781,853</u>	<u>\$ 4,508,159</u>	<u>\$ 766,005</u>	<u>\$ 507,689</u>	<u>100.00%</u>

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

*Credit Risk* – The School District’s investment credit ratings are summarized above.

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

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 6 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at 35% of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

Tangible personal property tax revenue received during calendar 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2006. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero in 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and communications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunication property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the School District due to the phasing out of the tax. In calendar years 2008-2010, the School District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The School District receives property taxes from Wayne and Medina County. The fiscal officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

**Note 6 - Property Taxes (Continued)**

The amount available as an advance at June 30, 2008, was \$194,474 in the General Fund, \$32,482 in the Bond Retirement Fund, and \$13,044 in the Permanent Improvements Capital Projects Fund.

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

The assessed values upon which the fiscal year 2008 taxes were collected are:

	Wayne County			
	2008 First Half Collections		2007 Second Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 99,912,010	93.10%	\$ 98,403,790	88.87%
Public Utility	34,720	0.03%	33,110	0.03%
Tangible Personal Property	7,371,590	6.87%	12,296,570	11.10%
	<u>\$ 107,318,320</u>	<u>100.00%</u>	<u>\$ 110,733,470</u>	<u>100.00%</u>
Tax rate per \$1,000 of Assessed Value	<u>\$ 63.35</u>		<u>\$ 63.35</u>	
	Medina County			
	2008 First Half Collections		2007 Second Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 2,386,780	89.58%	\$ 2,639,470	99.06%
Tangible Personal Property	277,675	10.42%	24,985	0.94%
	<u>\$ 2,664,455</u>	<u>100.00%</u>	<u>\$ 2,664,455</u>	<u>100.00%</u>
Tax rate per \$1,000 of Assessed Value	<u>\$ 63.05</u>		<u>\$ 63.05</u>	

**Note 7 - Receivables**

Receivables at June 30, 2008 consisted of property taxes, accounts (billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current fiscal year guarantee of federal funds. All receivables are expected to be collected within one year.

During 2007, the voters of Medina County passed a one-half percent sales tax to be used for capital improvements at all school districts within Medina County. Collection began in October 2007 for a period of 30 years. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. Sales tax is distributed to the school districts of Medina County based on what is essentially a per pupil distribution formula. A receivable is recognized at year end for an estimated amount to be received based on calendar year 2008 sales transactions yet to be received as of June 30, 2008.



**Rittman Exempted Village School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2008

**Note 8 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance 6/30/2007	Additions	Reductions	Balance 6/30/2008
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 142,554	\$ 0	\$ 0	\$ 142,554
<i>Capital Assets, being depreciated:</i>				
Land improvements	579,753	0	0	579,753
Buildings and improvements	12,020,947	226,231	0	12,247,178
Furniture and equipment	2,864,275	36,849	0	2,901,124
Vehicles	447,887	21,913	0	469,800
Total Capital Assets, being depreciated	15,912,862	284,993	0	16,197,855
<i>Less Accumulated Depreciation:</i>				
Land improvements	(331,812)	(18,795)	0	(350,607)
Buildings and improvements	(3,589,492)	(290,353)	0	(3,879,845)
Furniture and equipment	(2,076,199)	(117,154)	0	(2,193,353)
Vehicles	(325,878)	(30,671)	0	(356,549)
Total Accumulated Depreciation	(6,323,381)	(456,973)	0	(6,780,354)
Total Capital Assets being depreciated, net	9,589,481	(171,980)	0	9,417,501
<i>Governmental Activities Capital Assets, Net</i>	\$ 9,732,035	\$ (171,980)	\$ 0	\$ 9,560,055

Depreciation expense was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular	\$ 302,954
Vocational	2,748
<b>Support Services:</b>	
Administration	5,004
Operation and Maintenance of Plant	108,967
Pupil Transportation	24,428
Food Service Operations	12,872
	\$ 456,973

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 9 – Risk Management**

***A. Property and Liability***

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

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

***B. Workers' Compensation***

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by, virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage to the GRP. A participant will then either receive money from or be required to contribute the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

***C. Employee Health Insurance***

The School District was self-insured for its medical and dental insurance programs until February 29, 2008. Premiums were paid into the self-insurance fund and were available to pay claims and administrative costs. A stop-loss insurance contract with a private insurance carrier covered specific liability claims in excess of \$40,000 per covered individual. The claims liability of \$10,801 reported in the Internal Service Fund at June 30, 2008 is based on an estimate provided by the third-party administrator and the requirements of Government Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported.

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 9 – Risk Management (Continued)**

Changes in the fund’s claims liability amount in 2008 and 2007 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2007	<u>\$ 108,978</u>	<u>\$ 692,267</u>	<u>\$ 670,234</u>	<u>\$ 131,011</u>
2008	<u>\$ 131,011</u>	<u>\$ 426,389</u>	<u>\$ 546,599</u>	<u>\$ 10,801</u>

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

**Note 10 – Defined Benefit Pension Plans**

***A. School Employees Retirement System***

Plan Description - The School District contributes to the School Employees Retirement System of Ohio (“SERS”), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District’s required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$149,641 \$143,097 and \$156,246, respectively; 39 percent has been contributed for fiscal year 2008 and 100 percent for the fiscal years 2007 and 2006.

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 10 – Defined Benefit Pension Plans (Continued)**

***B. State Teachers Retirement System***

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

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

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District’s required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$550,648, \$496,942 and \$604,818, respectively; 83 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$-0- made by the School District and \$3,914 made by the plan members.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2008, all members of the Board of Education have elected Social Security. The Board’s liability is 6.2% of wages paid.

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**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 11 - Postemployment Benefits**

***A. School Employees Retirement System***

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$44,679, \$33,934, and \$38,169, respectively; 39 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$7,055, \$6,950, and \$7,589, respectively; 39 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

***B. State Teachers Retirement System***

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$39,332, \$35,496, and \$43,201, respectively; 83 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

**Note 12 - Long - Term Obligations**

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

	Outstanding 6/30/2007	Additions	Reductions	Outstanding 6/30/2008	Amounts Due in One Year
<b>Governmental Activities:</b>					
OSFC Construction Bonds \$9,499,997 - 2.00-5.125%	\$ 8,620,000	\$ 0	\$ 8,370,000	\$ 250,000	\$ 250,000
Serial and Term Bonds					
Capital Appreciation Bonds	405,000	0	0	405,000	0
Accretion of Capital Bonds	142,600	58,842	0	201,442	0
2007 School Improvement Refunding Bonds \$8,124,993 - 4.00-4.25% Serial and					
Term Bonds	0	7,920,000	145,000	7,775,000	50,000
Capital Appreciation Bonds	0	204,993	0	204,993	0
Accretion of Capital Bonds	0	52,530	0	52,530	0
Unamortized Premium	0	506,509	20,260	486,249	0
Refunding Loss	0	(355,777)	(14,231)	(341,546)	0
Compensated Absences	758,845	0	108,610	650,235	5,360
Capital Lease	69,864	0	29,082	40,782	30,366
	<u>\$ 9,996,309</u>	<u>\$ 8,387,097</u>	<u>\$ 8,658,721</u>	<u>\$ 9,724,685</u>	<u>\$ 335,726</u>
Total Governmental Activities Long-Term Liabilities					

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

***2007 School Improvement Refunding General Obligation Bonds***

On October 17, 2007, the School District issued \$8,124,993 in voted general obligation bonds, which included serial, term and capital appreciation (deep discount) bonds in the amount of \$4,640,000, \$3,280,000 and \$204,993, respectively. The bonds advance refunded \$8,125,000 of outstanding 2004 School Improvement General Obligation Bonds. The bonds were issued for a twenty-four year period with final maturities at December 1, 2031.

At the date of refunding, \$8,480,777 (including premium and after underwriting fees and other issuance costs) was received to pay off old debt. As a result, \$8,125,000 of the 2004 Series Bonds are considered to be defeased and the liability for those bonds has been removed from the 2008 financial statements. The advance refunding reduced cash flows required for debt service by \$301,010 over the next twenty-four years and resulted in an economic gain of \$463,839.

The bonds were issued with a premium of \$506,509, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the premium for fiscal year 2008 was \$20,260. The issuance costs of \$149,861 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The amortization of the issuance costs for fiscal year 2008 was \$5,994.

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 12 - Long - Term Obligations (Continued)**

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

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

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

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

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

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

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

The capital appreciation bonds will mature December 1, 2012 through December 1, 2014. These bonds were purchased at a discount at the time of issuance and at maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal. The maturity amount of the bonds is \$955,000. The fiscal year 2008 accretion amount is \$52,530.

***2004 School Improvement Refunding General Obligation Bonds***

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

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 12 - Long - Term Obligations (Continued)**

The capital appreciation bonds will mature December 1, 2009 through December 1, 2011. These bonds were purchased at a discount at the time of issuance and at maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal. The maturity amount of the bonds is \$780,000. The fiscal year 2008 accretion amount is \$58,842.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2008 are as follows:

Fiscal Year Ending June 30	General Obligation Bonds Payable		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 300,000	\$ 321,536	\$ 0	\$ 0	\$ 300,000	\$ 321,536
2010	50,000	315,473	148,989	111,011	198,989	426,484
2011	50,000	313,473	134,533	125,467	184,533	438,940
2012	50,000	311,474	121,478	138,522	171,478	449,996
2013	0	310,474	86,714	233,286	86,714	543,760
2014-2018	1,000,000	1,493,169	118,279	516,721	1,118,279	2,009,890
2019-2023	1,935,000	1,165,069	0	0	1,935,000	1,165,069
2024-2028	2,370,000	730,846	0	0	2,370,000	730,846
2029-2032	2,270,000	196,525	0	0	2,270,000	196,525
Total	<u>\$ 8,025,000</u>	<u>\$ 5,158,039</u>	<u>\$ 609,993</u>	<u>\$ 1,125,007</u>	<u>\$ 8,634,993</u>	<u>\$ 6,283,046</u>



**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 13 – Capitalized Lease**

Capital lease obligations relate to the School District phone system which is leased under a long-term agreement. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standard No. 13 "Accounting for Leases" which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease principal payments amounted to \$29,082 for the fiscal year ended June 30, 2008. The capitalized cost of the capital lease assets is \$190,000.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2008.

Year	Amount
2009	\$ 31,534
2010	10,510
Total Minimum Lease Payments	42,044
Less Amount Representing Interest	(1,262)
Present Value of Minimum Lease Payments	<u>\$ 40,782</u>

**Note 14 – Interfund Transfers**

During the fiscal year 2008, the general fund transferred \$45,000 to the food service fund and \$1,995 to the title VI-B fund to cover operating expenses.

The balance of the interfund transfers-in and transfers-out on the general fund budgetary statement is actually intrafund transfers. These are reported here because the School District budgets them this way. They are eliminated on the governmental funds statement of revenues, expenditures and changes in fund balances.

**Note 15 - Jointly Governed Organization**

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 22 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based upon a per pupil charge dependent upon the software package utilized. The TCCSA council of governments consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by an executive committee chosen from the general membership of the TCCSA council of governments. The executive committee consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Ashland-Wayne County Education Services Center, which serves as fiscal agent, located at 2534 Burbank Road, Wooster, Ohio 44691. During the year ended June 30, 2008, the School District paid approximately \$62,897 to TCCSA for basic service charges.

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 16 – Insurance Purchasing Pools**

***A. Portage Area School Consortium***

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

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

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

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

**Note 17- Contingencies**

***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at year end.

***B. Litigation***

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

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

**Note 18 - Set-Asides**

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

The following cash basis information describes the change in the year end set-aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute. Effective April 10, 2001, Senate Bill 345 amended Ohio Revised Code 5705.29 effectively eliminating the requirement for the School District to establish and maintain a budget stabilization reserve. By resolution, the Board can eliminate the reserve in accordance with the Act. As of June 30, 2008, the Board had not acted on the Senate Bill, in regards to the balance representing Bureau of Workers' Compensation rebates. These amounts are reported as Reserved for Budget Stabilization on the Balance Sheet.

	<u>Capital Improvement Reserve</u>	<u>Textbook Instructional Materials Reserve</u>	<u>Budget Stabilizaion</u>
Set-Aside Cash Balance as of June 30, 2007	\$ 0	\$ 0	\$ 96,299
Set-Aside Carryover Balance as of June 30, 2007	0	(9,268)	0
Current Year Set-Aside Requirement	165,905	165,905	0
Current Year Offsets	(177,283)	0	0
Qualifying Disbursements	0	(91,052)	0
<b>Total</b>	<b>\$ (11,378)</b>	<b>\$ 65,585</b>	<b>\$ 96,299</b>
Cash Balance Carried Forward FY 2008	\$ 0	\$ 65,585	96,299
Restricted Cash	\$ 0	\$ 65,585	\$ 96,299

The School District had qualifying disbursements during the year that reduced the capital improvements reserve set-asides below zero. The School District did not have enough qualifying disbursements to exceed the requirements for textbooks and other instructional materials. The total reserve balance for the three set-asides at the end of the fiscal year was \$161,884. The set aside amount of \$161,884, along with the school bus purchase reserve of \$9,716, are reported as restricted cash and cash equivalents in the general fund.

**Note 19 – Construction Commitment**

As of June 30, 2008, the School District had a contractual commitment for football field lights.

	<u>Contractual Commitment</u>	<u>Expended</u>	<u>Balance June 30,2008</u>
Lampion Lighting	\$ 48,847	\$ 0	\$ 48,847

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 20 – Rittman Academy**

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

**A. Significant Accounting Policies**

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

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

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

**Cash and Cash Equivalents** Cash held by the Academy is reflected as “Equity in Pooled Cash and Cash Equivalents” on the statement of net assets. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During 2008, the Academy had no investments.

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

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

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

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 20 – Rittman Academy (Continued)**

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

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

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

**Net Assets** Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitation imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Academy had unrestricted net assets of \$254,364 and \$464 of restricted net assets at year end. The Academy applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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

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

**Extraordinary and Special Items** Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year ended 2008.

**B. Deposits**

At June 30, 2008 the carrying amount of the Academy's deposits was \$271,572 and the bank balance was \$343,003. At year-end, \$243,003 of the Academy's bank balance was exposed to custodial risk, while \$100,000 was covered by Federal Deposit Insurance Corporation. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 20 – Rittman Academy (Continued)**

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance 06/30/2007	Additions	Reductions	Balance 06/30/2008
Furniture, fixture and equipment	\$ 47,425	\$ 0	\$ 0	\$ 47,425
Less: accumulated depreciation	<u>(6,321)</u>	<u>(9,465)</u>	<u>0</u>	<u>(15,786)</u>
<i>Net Capital Assets</i>	<u>\$ 41,104</u>	<u>\$ (9,465)</u>	<u>\$ 0</u>	<u>\$ 31,639</u>

**D. Fiscal Officer**

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

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

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

**E. Related Party Transactions**

The Academy is a component unit of the Rittman Exempted Village School District (the "School District"). The School District is the Academy's sponsor. The Academy and the School District entered into a one year sponsorship agreement commencing on the first day of the 2007 academic year, whereby terms of the sponsorship were established. Pursuant to this agreement, the School District's treasurer serves as the Academy's fiscal officer.

**F. Purchased Services**

For fiscal year ended June 30, 2008, purchased services expenses were as follows:

Professional and Technical Services	<u>\$ 158,316</u>
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**Rittman Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**Note 20 – Rittman Academy (Continued)**

***G. Contingencies***

***Grants*** The Academy received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However in the opinion of the management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2008.

***Full Time Equivalency*** The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the state, upon which state foundation funding is calculated. The conclusions of this review did not result in any significant adjustments to state funding for fiscal year 2008.

***H. Risk Management***

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As of June 30, 2008, the Academy did not have property or liability insurance coverage. The Academy has subsequently obtained commercial insurance coverage.

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**RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT  
WAYNE COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>					
<i>Passed through the Ohio Department of Education</i>					
Title I Grants to Local Educational Agencies	84.010	\$23,275 142,340		\$24,767 138,006	
Total Title I Grants to Local Educational Agencies		<u>165,615</u>		<u>162,773</u>	
Special Education_ Grants to States	84.027	252,769 33,795 3,050 54,047		240,868 33,919 5,127 49,974	
		<u>343,661</u>		<u>329,888</u>	
Safe and Drug-Free Schools and Communities_State Grants	84.186	2,580		4,217	
State Grants for Innovative Programs	84.298	154		1,537	
Improving Teacher Quality State Grants	84.367	8,023 49,041		8,024 46,077	
		<u>57,064</u>		<u>54,101</u>	
Education Technology State Grants	84.318	1,587		1,587	
Total U. S. Department of Education		<u>570,661</u>		<u>554,103</u>	
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>					
<i>Passed through the Ohio Department of Education</i>					
Food Donation Program	10.550		\$39,789		\$39,789
Child Nutrition Cluster:					
School Breakfast Program	10.553	33,389		33,389	
National School Lunch Program	10.555	170,482		170,482	
Total Child Nutrition Cluster		<u>203,871</u>		<u>203,871</u>	
Total U.S. Department of Agriculture		<u>203,871</u>	<u>39,789</u>	<u>203,871</u>	<u>39,789</u>
Totals		<u>\$774,532</u>	<u>\$39,789</u>	<u>\$757,974</u>	<u>\$39,789</u>

*The accompanying notes are an integral part of this schedule.*

**RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2008**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DONATION PROGRAM**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the entitlement value of the commodities received.

**NOTE C - CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



# Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rittman Exempted Village School District, Wayne County, Ohio, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 13, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the District's management in a separate letter dated February 13, 2009.

#### **Compliance and Other Matters**

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

We did certain noncompliance or other matters that we reported to the District's management in a separate letter dated February 13, 2009.

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

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

**Mary Taylor, CPA**  
Auditor of State

February 13, 2009



# Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

### Compliance

We have audited the compliance of Rittman Exempted Village School District, Wayne County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2008. The summary of auditor's results section of the accompanying Schedule of Findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

The District's basic financial statements include the operations of the Rittman Academy, which received \$8,694, in federal awards which is not included in the Federal Awards Receipts and Expenditures Schedule for the year ended June 30, 2008. Our audit of Federal awards, described below, did not include the operations of the Rittman Academy because the component unit is legally separate from the primary government, which this report addresses, and because it expended less than \$500,000 of federal awards for the year ended June 30, 2008, it was not subject to OMB Circular A-133 audit requirements.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2008. In a separate letter to the District's management dated February 13, 2009, we reported other matters related to federal noncompliance not requiring inclusion in this report.

### Internal Control Over Compliance

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

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

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

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

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



**Mary Taylor, CPA**  
Auditor of State

February 13, 2009

**RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT  
WAYNE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2008**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Grants to States CFDA #84.027 Child Nutrition Cluster: School Breakfast Program CFDA #10.553 and National School Lunch Program CFDA #10.555
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT  
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-RittEVSD-01	The District required a material restatement of beginning balances of certain existing capital assets in fiscal year 2007 due to new assets and new values being added that were not added in previous years.	No	Partially Corrected – included in management letter.





Mary Taylor, CPA  
Auditor of State

**RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT**  
**WAYNE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**APRIL 7, 2009**