

Rittman Exempted Village School District
Wayne County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2013



Dave Yost • Auditor of State

Board of Education
Rittman Exempted Village School District
100 Saurer Street
Rittman, Ohio 44270

We have reviewed the *Independent Auditor's Report* of the Rittman Exempted Village School District, Wayne County, prepared by Rea & Associates, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Rittman Exempted Village School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

December 18, 2013

This page intentionally left blank.

RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT
WAYNE COUNTY, OHIO
Table of Contents

	<i>Page</i>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	4
Basic Financial Statements:	
Basic Financial Statements:	
Statement of Net Position – Modified Cash Basis	11
Statement of Activities – Modified Cash Basis	12
Fund Financial Statements:	
Statement of Assets and Fund Balances – Modified Cash Basis – Governmental Funds	13
Statement of Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	14
Statement of Receipts, Disbursements and Changes in Modified Cash Basis Fund Balance – Budget and Actual (Budget Basis) – General Fund	15
Statement of Fiduciary Net Position – Modified Cash Basis – Fiduciary Funds	16
Notes to the Basic Financial Statements	17
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	39
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	41
Schedule of Expenditures of Federal Awards – Cash Basis	43
Notes to the Schedule of Expenditures of Federal Awards – Cash Basis	44
Schedule of Findings.....	45
Schedule of Prior Audit Findings.....	47
Independent Accountant’s Report on Applying Agreed-Upon Procedure.....	48

November 23, 2013

To the Board of Education
Rittman Exempted Village School District
Wayne County, Ohio
100 Saurer Street
Rittman, Ohio 44270

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rittman Exempted Village School District, Wayne County, Ohio (the "School District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on the Discretely Presented Component Unit

The financial statements omit the financial data relating to the School District's legally-separate component unit. Accounting principles generally accepted in the United States of America, as applied to the School District's modified cash basis of accounting, require the School District's primary-government financial data to include component unit financial data unless the School District also issues financial statements that include the component unit's financial data. The School District has not issued complete reporting-entity financial statements. We cannot determine the amounts of assets, net position, receipts and disbursements the accompanying statements should present for the omitted discretely-presented component unit in order to comply with the basis of accounting as described in Note 2.

Adverse Opinion on the Discretely Presented Component Unit

In our opinion, because of the significance of the matter described in the *Basis for Adverse Opinion on the Discretely Presented Component Unit* paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the discretely-presented component unit of the Rittman Exempted Village School District, Wayne County, Ohio, as of June 30, 2013, or the changes in financial position thereof for the year then ended.

Unmodified Opinions

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Rittman Exempted Village School District, Wayne County, Ohio, as of June 30, 2013, and the respective changes in modified cash financial position and the respective budgetary comparison for the General fund thereof the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03 (B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the School District's financial statements that collectively comprise its basic financial statements. *Management's Discussion & Analysis* includes tables of net position, changes in net position, governmental activities and outstanding debt. The Schedule of Expenditures of Federal Awards (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional analysis and are not a required part of the basic financial statements.

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

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2013, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Government's internal control over financial reporting and compliance.

Rea & Associates, Inc.

New Philadelphia, Ohio

Rittman Exempted Village School District
Wayne County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

The discussion and analysis of the Rittman Exempted Village School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. 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 to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- ❑ In total, net position decreased \$2,138,711, which represents a 35 percent decrease from 2012.
- ❑ Outstanding debt decreased from \$8,269,756 to \$8,086,134 through principal payments made during the current year.

Using this Annual Report

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2013, the general fund, the bond retirement fund and classroom facilities fund are the School District's most significant funds.

Basis of Accounting

The School District has elected to present its financial statements on the modified cash basis of accounting. This modified cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The modified cash basis of accounting involves the measurement of cash and investments and changes in cash and investments resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement basis presentation in a statement of net position will be cash and investments. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and investments. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Rittman Exempted Village School District
Wayne County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

Reporting the School District as a Whole

Statement of Net Position 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 2013?" The statement of net position and the statement of activities answer this question.

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

In the statement of net position and the statement of activities, governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 9. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds include the general fund, the bond retirement fund and the classroom facilities fund.

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified cash basis of accounting. 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 determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Reporting the School District's Fiduciary Responsibilities

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. These funds are not reflected in the government-wide financial statements because the resources 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.

Rittman Exempted Village School District
Wayne County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2013 compared to 2012.

(Table 1)
Net Position – Modified Cash Basis

	Governmental Activities	
	2013	2012
Assets		
Equity in Pooled Cash and Investments	\$ 2,726,846	\$ 4,873,018
Cash and Investments in Segregated Accounts	1,302,954	1,295,493
<i>Total Assets</i>	\$ 4,029,800	\$ 6,168,511
Net Position		
Restricted for:		
Capital Outlay	\$ 1,931,174	\$ 2,762,196
Debt Service	523,716	609,049
Other Purposes	269,190	201,263
Set Asides	96,299	96,299
Unrestricted	1,209,421	2,499,704
<i>Total Net Position</i>	\$ 4,029,800	\$ 6,168,511

- Net position of the governmental activities decreased \$2,138,711, which represents a 35 percent decrease from fiscal year 2012. This is mostly due to a decrease in tax receipts. At the end of fiscal year 2012, the School District received a large advance on taxes, and this did not occur in 2013. Additionally, the School District continued to spend money related to the Ohio School Facilities Commission project.

A portion of the School District's net position, \$2,820,379 or 70 percent, represent resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position of \$1,209,421 may be used to meet the School District's ongoing obligations.

Rittman Exempted Village School District
Wayne County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

Table 2 shows the changes in net position for fiscal year 2013 as compared to fiscal year 2012.

(Table 2)
Changes in Net Position – Modified Cash Basis

	Governmental Activities	
	2013	2012
Receipts		
Program Receipts		
Charges for Services and Sales	\$ 609,218	\$ 616,025
Operating Grants and Contributions	954,176	1,069,679
Capital Grants, Contributions and Interest	59,615	249,343
Total Program Receipts	1,623,009	1,935,047
General Receipts		
Property Taxes	3,303,981	3,944,350
Grants and Entitlements not Restricted to Specific Programs	5,435,461	5,704,284
Proceeds from Sale of Capital Assets	1,296	15,089
Interest	10,781	14,996
Miscellaneous	121,565	90,169
Total General Receipts	8,873,084	9,768,888
Total Receipts	10,496,093	11,703,935
Program Disbursements		
Instruction:		
Regular	5,177,217	5,026,969
Special	1,416,804	1,211,181
Vocational	0	14,606
Student Intervention Services	15	3,338
Other	46,055	11,845
Support Services:		
Pupils	596,328	570,513
Instructional Staff	384,625	650,281
Board of Education	72,452	48,396
Administration	818,387	755,491
Fiscal	257,843	249,167
Operation and Maintenance of Plant	1,020,650	1,038,370
Pupil Transportation	323,421	289,456
Central	60,692	68,232
Operation of Non-Instructional Services:		
Food Service Operations	462,872	453,644
Other	0	200
Extracurricular Activities	284,642	225,471
Capital Outlay	1,082,327	3,129,194
Debt Service:		
Principal Retirement	86,714	171,480
Interest and Fiscal Charges	543,760	449,994
Total Program Disbursements	12,634,804	14,367,828
Change in Net Position	(2,138,711)	(2,663,893)
Net Position Beginning of Year	6,168,511	8,832,404
Net Position End of Year	\$ 4,029,800	\$ 6,168,511

Rittman Exempted Village School District
Wayne County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

Total receipts decreased by \$1,207,842 or 10 percent from fiscal year 2012. This is due to a decrease in property tax receipts because of a large tax advance received prior to year end in 2012 and also capital grants due to completion of the OSFC project. Unrestricted grants and entitlements decreased due to phasing out of tangible personal property tax loss reimbursement.

Total disbursements decreased \$1,733,024 or 12% from fiscal year 2012. The largest contributor to this decrease was in the capital outlay disbursements. The decrease in capital outlay is due to the OSFC project being completed.

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.

(Table 3)
Governmental Activities – Modified Cash Basis

	Total Costs of Services		Net Costs of Services	
	2013	2012	2013	2012
<i>Program Disbursements</i>				
Instruction:				
Regular	\$ 5,177,217	\$ 5,026,969	\$ 4,769,167	\$ 4,392,791
Special	1,416,804	1,211,181	1,079,765	891,392
Vocational	0	14,606	(10,019)	4,587
Student Intervention Services	15	3,338	15	3,338
Other	46,055	11,845	46,055	11,845
Support Services:				
Pupils	596,328	570,513	525,986	501,959
Instructional Staff	384,625	650,281	362,919	621,910
Board of Education	72,452	48,396	72,452	48,396
Administration	818,387	755,491	741,684	706,916
Fiscal	257,843	249,167	252,443	243,767
Operation and Maintenance of Plant	1,020,650	1,038,370	990,951	1,008,691
Pupil Transportation	323,421	289,456	314,805	282,123
Central	60,692	68,232	60,692	68,232
Operation of Non-Instructional Services:				
Food Service Operations	462,872	453,644	(33,797)	(1,925)
Other	0	200	(56)	(90)
Extracurricular Activities	284,642	225,471	176,931	147,524
Capital Outlay	1,082,327	3,129,194	1,031,328	2,879,851
Debt Service:				
Principal Retirement	86,714	171,480	86,714	171,480
Interest and Fiscal Charges	543,760	449,994	543,760	449,994
<i>Total</i>	<u>\$ 12,634,804</u>	<u>\$ 14,367,828</u>	<u>\$ 11,011,795</u>	<u>\$ 12,432,781</u>

Capital outlay decreased \$2,046,867 due to the rest of the OSFC project being substantially completed in fiscal year 2012.

The dependence upon tax revenues and general revenue entitlements from the state for governmental activities is apparent. Program revenues only account for 13 percent of all governmental expenses. The community is the largest area of support for the School District students.

Rittman Exempted Village School District
Wayne County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

The School District's Funds

The School District's governmental funds are accounted for using the modified cash basis of accounting.

The School District's governmental funds reported a combined fund balance of \$4,029,800, which is lower than the prior year balance of \$6,168,511.

The general fund had total cash receipts (excluding other financing sources) of \$8,462,482. The cash disbursements (excluding other financing uses) of the general fund totaled \$9,761,560. The general fund's fund balance decreased \$1,290,282 in 2013. The decrease in fund balance can be partially attributed to the timing of property tax advances.

The bond retirement fund had total cash receipts of \$554,847 and total cash disbursements of \$640,180, for a decrease in fund balance of \$85,333 in 2013. The decrease in fund balance is primarily due to timing of property tax advances.

The classroom facilities fund had total cash receipts of \$46,499 and total cash disbursements of \$60,475, for a decrease in fund balance of \$13,976 in 2013. The decrease in fund balance is primarily due to disbursements for the OSFC project that was finished in 2013.

General Fund Budgeting Highlights

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

During the course of fiscal year 2013, the School District amended its general fund budget one time. For the general fund, final budget basis receipts, excluding other financing sources, were \$7,772,378, representing an increase of \$90,015 from the original estimate of \$7,682,363. Actual receipts of \$8,387,069 were \$614,691 higher than the final budget. Of this increase, most was attributable to an increase in intergovernmental receipts.

For fiscal year 2013, the general fund final budget basis disbursements, excluding other financing uses, were \$9,825,558, which is equal to the original budgeted disbursements of \$9,825,558. Actual disbursements of \$9,789,173, excluding other financing uses, were \$36,385 lower than the final budget.

Debt Administration

The School District had the following long-term obligations outstanding at June 30, 2013 and 2012.

(Table 4)
Outstanding Debt, at June 30

	Governmental Activities	
	2013	2012
2007 School Improbement Refunding Bonds - Serial, Term and Capital Appreciation Bonds	\$ 8,086,134	\$ 8,269,756
<i>Total</i>	\$ 8,086,134	\$ 8,269,756

For further information regarding the School District's debt, refer to Note 10 of the basic financial statements.

Rittman Exempted Village School District
Wayne County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

Current Issues

Rittman Exempted Village School District receives approximately 60% of its general fund revenue from the State. The State of Ohio changed the funding formula in biannual budget approved in June 2011. The new formula has not yet been presented by the Governor. However, due to the financial status of the State of Ohio, any increase or decrease was capped.

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 was then opened in the fall of 2011.

The School District relies on its local property taxpayers. A five year levy passed in 1999, for 6.7 mills 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. This levy was renewed for 5 more years in November, 2010.

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. The resulting savings helped balance the School District's budget. Some of those reductions have been reinstated. Future changes in staffing will be monitored in connection the potential deficits and State funding.

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, 100 Saurer Street, Rittman, Ohio 44270.

Rittman Exempted Village School District
Wayne County, Ohio
Statement of Net Position - Modified Cash Basis
June 30, 2013

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 2,726,846
Cash and Investments in Segregated Accounts	1,302,954
<i>Total Assets</i>	\$ 4,029,800
Net Position	
Restricted for:	
Capital Outlay	\$ 1,931,174
Debt Service	523,716
Other Purposes	269,190
Set Asides	96,299
Unrestricted	1,209,421
<i>Total Net Position</i>	\$ 4,029,800

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
Wayne County, Ohio
Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2013

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants Contributions, and Interest	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 5,177,217	\$ 334,961	\$ 73,089	\$ 0	\$ (4,769,167)
Special	1,416,804	15,602	321,437	0	(1,079,765)
Vocational	0	0	10,019	0	10,019
Student Intervention Services	15	0	0	0	(15)
Other	46,055	0	0	0	(46,055)
Support Services:					
Pupils	596,328	0	70,342	0	(525,986)
Instructional Staff	384,625	0	21,706	0	(362,919)
Board of Education	72,452	0	0	0	(72,452)
Administration	818,387	0	76,703	0	(741,684)
Fiscal	257,843	0	5,400	0	(252,443)
Operation and Maintenance of Plant	1,020,650	0	29,699	0	(990,951)
Pupil Transportation	323,421	0	0	8,616	(314,805)
Central	60,692	0	0	0	(60,692)
Operation of Non-Instructional Services:					
Food Service Operations	462,872	189,496	307,173	0	33,797
Other	0	0	56	0	56
Extracurricular Activities	284,642	69,159	38,552	0	(176,931)
Capital Outlay	1,082,327	0	0	50,999	(1,031,328)
Debt Service:					
Principal Retirement	86,714	0	0	0	(86,714)
Interest and Fiscal Charges	543,760	0	0	0	(543,760)
<i>Totals</i>	<u>\$ 12,634,804</u>	<u>\$ 609,218</u>	<u>\$ 954,176</u>	<u>\$ 59,615</u>	<u>(11,011,795)</u>
General Receipts					
Property Taxes Levied for:					
General Purposes					2,700,758
Debt Service					425,969
Capital Outlay					143,363
Classroom Facilities Maintenance					33,891
Grants and Entitlements not Restricted to Specific Programs					5,435,461
Proceeds from Sale of Capital Assets					1,296
Interest					10,781
Miscellaneous					121,565
<i>Total General Receipts</i>					<u>8,873,084</u>
<i>Change in Net Position</i>					(2,138,711)
<i>Net Position Beginning of Year</i>					<u>6,168,511</u>
<i>Net Position End of Year</i>					<u>\$ 4,029,800</u>

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
Wayne County, Ohio
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
June 30, 2013

	General Fund	Bond Retirement Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	\$ 1,209,421	\$ 523,716	\$ 581,472	\$ 315,938	\$ 2,630,547
Cash and Investments in Segregated Accounts	0	0	1,302,954	0	1,302,954
Restricted Assets:					
Equity in Pooled Cash and Investments	96,299	0	0	0	96,299
<i>Total Assets</i>	<u>\$ 1,305,720</u>	<u>\$ 523,716</u>	<u>\$ 1,884,426</u>	<u>\$ 315,938</u>	<u>\$ 4,029,800</u>
Fund Balances					
Restricted	\$ 96,299	\$ 523,716	\$ 1,884,426	\$ 305,168	\$ 2,809,609
Committed	0	0	0	11,044	11,044
Assigned	1,208,294	0	0	0	1,208,294
Unassigned	1,127	0	0	(274)	853
<i>Total Fund Balances</i>	<u>\$ 1,305,720</u>	<u>\$ 523,716</u>	<u>\$ 1,884,426</u>	<u>\$ 315,938</u>	<u>\$ 4,029,800</u>

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
Wayne County, Ohio
Statement of Receipts, Disbursements and Changes
in Fund Balances - Modified Cash Basis - Governmental Funds
For the Fiscal Year Ended June 30, 2013

	General Fund	Bond Retirement Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 2,700,758	\$ 425,969	\$ 0	\$ 177,254	\$ 3,303,981
Intergovernmental	5,264,971	128,878	38,953	965,797	6,398,599
Interest	10,781	0	7,546	0	18,327
Tuition and Fees	348,437	0	0	0	348,437
Rent	2,125	0	0	0	2,125
Extracurricular Activities	16,760	0	0	52,398	69,158
Gifts and Donations	250	0	0	43,109	43,359
Charges for Services	0	0	0	189,496	189,496
Miscellaneous	118,400	0	0	2,915	121,315
<i>Total Receipts</i>	<u>8,462,482</u>	<u>554,847</u>	<u>46,499</u>	<u>1,430,969</u>	<u>10,494,797</u>
Disbursements					
Current:					
Instruction:					
Regular	5,101,447	0	0	75,770	5,177,217
Special	1,125,340	0	0	291,464	1,416,804
Student Intervention Services	15	0	0	0	15
Other	46,055	0	0	0	46,055
Support Services:					
Pupils	537,006	0	0	59,322	596,328
Instructional Staff	362,848	0	0	21,777	384,625
Board of Education	72,452	0	0	0	72,452
Administration	753,709	0	0	64,678	818,387
Fiscal	230,933	9,706	0	17,204	257,843
Operation and Maintenance of Plant	972,402	0	0	48,248	1,020,650
Pupil Transportation	323,421	0	0	0	323,421
Central	60,692	0	0	0	60,692
Extracurricular Activities	175,240	0	0	109,402	284,642
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	462,872	462,872
Capital Outlay	0	0	60,475	1,021,852	1,082,327
Debt Service:					
Principal Retirement	0	86,714	0	0	86,714
Interest and Fiscal Charges	0	543,760	0	0	543,760
<i>Total Disbursements</i>	<u>9,761,560</u>	<u>640,180</u>	<u>60,475</u>	<u>2,172,589</u>	<u>12,634,804</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,299,078)</u>	<u>(85,333)</u>	<u>(13,976)</u>	<u>(741,620)</u>	<u>(2,140,007)</u>
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Assets	1,296	0	0	0	1,296
Advances In	867,500	0	0	860,000	1,727,500
Advances Out	(860,000)	0	0	(867,500)	(1,727,500)
<i>Total Other Financing Sources (Uses)</i>	<u>8,796</u>	<u>0</u>	<u>0</u>	<u>(7,500)</u>	<u>1,296</u>
<i>Net Change in Fund Balances</i>	(1,290,282)	(85,333)	(13,976)	(749,120)	(2,138,711)
<i>Fund Balances Beginning of Year</i>	<u>2,596,002</u>	<u>609,049</u>	<u>1,898,402</u>	<u>1,065,058</u>	<u>6,168,511</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,305,720</u>	<u>\$ 523,716</u>	<u>\$ 1,884,426</u>	<u>\$ 315,938</u>	<u>\$ 4,029,800</u>

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
Wayne County, Ohio
Statement of Receipts, Disbursements and Changes
In Modified Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 2,495,104	\$ 2,521,373	\$ 2,700,758	\$ 179,385
Intergovernmental	4,798,003	4,857,650	5,264,971	407,321
Interest	9,960	10,065	10,781	716
Tuition and Fees	321,905	325,294	348,437	23,143
Rent	1,963	1,984	2,125	141
Extracurricular Activities	15,484	15,647	16,760	1,113
Gifts and Donations	231	233	250	17
Miscellaneous	39,713	40,132	42,987	2,855
<i>Total Receipts</i>	<u>7,682,363</u>	<u>7,772,378</u>	<u>8,387,069</u>	<u>614,691</u>
Disbursements				
Current:				
Instruction:				
Regular	5,150,293	5,150,293	5,129,826	20,467
Special	1,135,749	1,135,749	1,131,882	3,867
Student Intervention Services	15	15	15	0
Other	46,212	46,212	46,055	157
Support Services:				
Pupils	475,829	475,829	474,209	1,620
Instructional Staff	368,216	368,216	366,962	1,254
Board of Education	79,556	79,556	79,285	271
Administration	755,275	755,275	752,703	2,572
Fiscal	233,493	233,493	232,698	795
Operation and Maintenance of Plant	1,015,656	1,015,656	1,012,198	3,458
Pupil Transportation	328,527	328,527	327,408	1,119
Central	60,899	60,899	60,692	207
Extracurricular Activities				
Adademic Oriented Activities	18,301	18,301	18,239	62
Sport Oriented Activities	152,767	152,767	152,247	520
School and Public Service Co-Curricular Activities	4,770	4,770	4,754	16
<i>Total Disbursements</i>	<u>9,825,558</u>	<u>9,825,558</u>	<u>9,789,173</u>	<u>36,385</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,143,195)</u>	<u>(2,053,180)</u>	<u>(1,402,104)</u>	<u>651,076</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	1,296	1,296
Refund of Prior Year Expenditures	0	0	2,661	2,661
Advances In	867,500	867,500	867,500	0
Advances Out	(860,000)	(860,000)	(860,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>7,500</u>	<u>7,500</u>	<u>11,457</u>	<u>3,957</u>
<i>Net Change in Fund Balance</i>	(2,135,695)	(2,045,680)	(1,390,647)	655,033
<i>Fund Balance Beginning of Year</i>	2,373,098	2,373,098	2,373,098	0
Prior Year Encumbrances Appropriated	185,358	185,358	185,358	0
<i>Fund Balance End of Year</i>	<u>\$ 422,761</u>	<u>\$ 512,776</u>	<u>\$ 1,167,809</u>	<u>\$ 655,033</u>

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
Wayne County, Ohio
Statement of Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
June 30, 2013

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Investments	\$ 5,220
<i>Total Assets</i>	<u>\$ 5,220</u>
Net Position	
Held in Trust for Due to Students	\$ 5,220
<i>Total Net Position</i>	<u>\$ 5,220</u>

See accompanying notes to the basic financial statements.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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.

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; (3) 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 (4) the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes for the organization. The School District has the following component unit:

The Rittman Academy (the "Academy") is a component unit that is reported separately from the Rittman Exempted Village School District. The financial data for the Academy is not included in the School District's financial statements because the Academy reports on a different basis of accounting, accounting principles generally accepted in the United States of America (GAAP).

Rittman 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, considered as a component unit of the School District. Financial statements can be obtained from the Rittman Academy, 100 Saurer Street, Rittman, Ohio 44270.

The School District participates in one jointly governed organization and one insurance purchasing pool. These organizations are the Tri-County Computer Services Association and the Stark County Schools Council of Governments Health Benefit Plan. They are presented in Notes 12 and 13.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.A., these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the School District's accounting policies.

A. Basis of Accounting

Although required by Ohio Administrative Code Sections 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the modified cash accounting basis. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary disbursements when a commitment is made (i.e. when an encumbrance is approved). Differences between disbursements reported in the fund and government-wide statements versus budgetary disbursements are due to encumbrances outstanding at the beginning and end of the fiscal year.

These statements include required disclosures of material matters, in accordance with the basis of accounting described in the preceding paragraph.

B. Basis of Presentation – Fund Accounting

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct disbursements and program receipts for each program or function of the School District's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts 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. Receipts which are not classified as program receipts are presented as general receipts of the School District, with certain limitations. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District. Governmental activities generally are financed through taxes, intergovernmental receipts, and other non-exchange receipts.

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 financial statements is on major funds.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

The School District uses funds to maintain its financial records during the fiscal year. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its receipts and disbursements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the School District or meets the following criteria:

- a. Total assets, receipts, or disbursements of that individual governmental are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, receipts, or disbursements of the individual governmental fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds - Governmental funds are those through which most governmental functions of the School District are financed. 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 accounts for monies received and expended in connection with debt agreements entered into by the School District for the building and equipping of classroom facilities.

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

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

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

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

Rittman Exempted Village School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The legal level of budgetary control established by the Board of Education is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board. Budgetary allocations at the function and object level within all funds, are made by the Treasurer.

Tax Budget

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year, for the period July 1 to June 30 of the following fiscal year.

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected receipt of each fund. Prior to June 30, the School District must revise its budget so that total contemplated disbursements from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in receipt are identified by the School District Treasurer.

Appropriations

Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying a new certificate is not necessary, the annual Appropriation Resolution Report must be legally enacted by the Board of Education at the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The Appropriation Resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of disbursements and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the disbursement of monies are recorded as the equivalent of disbursements on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Disbursements plus encumbrances may not legally exceed appropriations. Encumbrances outstanding at fiscal year-end are reported as a restricted or assigned of fund balance for subsequent-year disbursements for governmental funds.

Lapsing of Appropriations

At the close of each fiscal 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 are not reappropriated.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

D. Cash and Investments

To improve cash management, cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements. Cash and investments belonging to individual funds and not part of the pool are recorded as "cash and investments in segregated accounts."

During fiscal year 2013, the School District investments included a money market, STAROhio (the State Treasury Asset Reserve) and various securities. See Note 5 for a full listing of the School District's investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2013. 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, 2013.

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 2013 amounted to \$10,781 which includes \$7,380 assigned from other School District funds.

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

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

E. Restricted Assets

Assets are reported as restricted when limitation on their use change the nature or 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 law through constitutional provisions or enabling legislation. Restricted assets represent amounts required by State statute to be set aside for budget stabilization. See Note 15 for additional information regarding set-asides.

F. Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

G. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements. Depreciation is not recorded on these capital assets.

H. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the modified cash basis of accounting as presented here by the School District.

I. Long-Term Debt

Long-term debt arising from modified cash basis transactions of governmental funds are not reported as liabilities on the modified cash basis financial statements. The debt proceeds are reported as receipts when received and payment of principal and interest are reported as disbursements when paid.

J. Intergovernmental Receipts

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants for are recorded as receipt when the grant is received.

K. Interfund Transactions

During the course of normal operations, the School District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources are to be disbursed are recorded as transfers.
2. Reimbursements from one fund to another are treated as disbursements in the reimbursing fund and a reduction in disbursements in the reimbursed fund.

L. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes disbursements for employer contributions to cost-sharing plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

M. Equity Classifications

GOVERNMENT-WIDE STATEMENTS

Equity is classified as net position, and displayed in separate components:

- a. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation. Net position restricted for other purposes primarily include resources for instruction of students and food service operations. As of June 30, 2013, the School District did not have net position restricted by enabling legislation.
- b. Unrestricted net position – All other net position that do not meet the definition of “restricted.”

The School District’s policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

FUND FINANCIAL STATEMENTS

Governmental fund equity is classified as fund balance. Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

- a. Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.
- b. Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.
- c. Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

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

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

N. Receipts and Disbursements

Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the School District's taxpayers are reported as program receipts. The School District has the following program receipts: charges for services and sales, operating and capital grants, contributions and interest.

All other governmental receipts are reported as general. All taxes are classified as a general receipt even if restricted for a specific purpose.

Disbursements

Governmental activities include the School District's programs and services, including instruction, support services, operation and maintenance of plant (buildings), pupil transportation, extracurricular activities, and food service operations.

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 2013.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

P. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34," GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," and GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the School District.

GASB Statement No. 61 improves guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the School District.

GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the School District.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It also amends the net asset reporting requirements in GASB Statement No. 34 by incorporating deferred outflows and inflows into the definitions and renaming the residual measure as net position, rather than net assets.

Note 3 – Accountability and Compliance

Ohio Adm. Code Section 117-2-03(B) requires the School District to file annual financial reports, which are prepared using generally accepted accounting principles (GAAP). For fiscal year 2013, the School District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

At June 30, 2013, the Title V Program Fund and the OSFC Building Project Fund had deficit balances in the amounts of \$174 and \$100, respectively. The General Fund provides transfers to cover deficit balance; however, this is done when cash is needed.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 4 – Budgetary Basis of Accounting

The statement of receipts, disbursements and changes in fund balance - budget and actual (budget cash basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the modified cash basis are that:

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement; and,
- (b) Some funds are included in the general fund (modified cash basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the modified cash basis for the general fund is as follows:

Net change in Fund Balance	
	<u>General Fund</u>
Budget basis	\$ (1,390,647)
Funds budgeted elsewhere**	(3,085)
Adjustment for encumbrances	103,450
Modified Cash basis	<u><u>\$ (1,290,282)</u></u>

** As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis. This includes the uniform school supplies fund, the Shared Services Fund, and the PSSF funds.

Note 5 – Deposits and Investments

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

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

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

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

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 and STAR Plus);
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.

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.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Deposits - At fiscal year-end, the carrying amount of the School District's deposits was \$779,822 and the bank balance was \$822,996. Of the bank balance:

1. \$613,885 was covered by federal depository insurance; and
2. \$209,111 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments – Investments are reported at cost. As of June 30, 2013, the School District had the following investments:

Rating by S & P	Entity	Cost	Investment Maturities				Percentage of Total Investment
			In Months (0-6)	In Months (7-12)	In Months (13-23)	In Months More than 24	
AAAm	STAROhio	\$ 344,764	\$ 344,764	\$ 0	\$ 0	\$ 0	10.59%
AAAm	Fifth Third Money Market	245,255	245,255	0	0	0	7.53%
AA+	US Treasury Note	652,593	0	0	0	652,593	20.05%
AA+	Federal National Mtg Association	1,118,027	229,452	309,032	476,675	102,868	34.35%
AA+	Federal Home Loan Mortgage	894,559	125,099	182,529	586,931	0	27.48%
		<u>\$ 3,255,198</u>	<u>\$ 944,570</u>	<u>\$ 491,561</u>	<u>\$ 1,063,606</u>	<u>\$ 755,461</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. Interest rate risk arises because potential purchases of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. 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.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

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

STAROhio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAROhio as of June 20, 2013, is 58 days.

Concentration of Credit Risk – The School District places no limit on the amount the School District may invest in any one issuer, however State statute limits investments in commercial paper and bankers' acceptances to 25% of the interim monies available for investment at any one time. See percentages above.

Note 6 – Property Taxes

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

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected in 2013 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements are being phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

The School District receives property taxes from Wayne and Medina County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	Wayne County			
	2012 Second- Half Collections		2013 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 100,211,910	98.21%	\$ 100,832,380	97.96%
Tangible Personal Property	1,823,300	1.79%	2,101,610	2.04%
Total	\$ 102,035,210	100.00%	\$ 102,933,990	100.00%
Tax rate per \$1,000 of assessed valuation	\$ 63.35		\$ 63.35	

	Medina County			
	2012 Second- Half Collections		2013 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 2,532,720	90.49%	\$ 2,534,290	89.80%
Tangible Personal Property	266,060	9.51%	287,980	10.20%
Total	\$ 2,798,780	100.00%	\$ 2,822,270	100.00%
Tax rate per \$1,000 of assessed valuation	\$ 63.35		\$ 63.35	

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 7 – Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School District has a comprehensive property and casualty policy with Ohio Casualty Insurance Company. The deductible is \$5,000 per incident on property and \$250 per incident on equipment. All vehicles are also insured with Ohio Casualty Company and have a \$250 deductible. All board members, administrators, and employees are covered under a school district liability policy with Ohio Casualty Insurance Company. The limits of this coverage are \$1,000,000 per occurrence and \$4,000,000 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 \$30,000. This bond is provided by the Cincinnati Insurance Company.

B. Workers' Compensation

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries.

C. Employee Health Insurance

Beginning July 1, 2010, the School District is a member of the Stark County Schools Council of Governments Health Benefit Plan (the "Council") to provide employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

The intent of the insurance pool is to achieve a reduced, stable and competitive rate for the School District by grouping with other members of the Health Benefits Program. The experience of all participating districts is calculated as one, and a common premium rate is applied to all member districts.

Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The employees share the cost of the monthly premium with the Board. For fiscal year 2013, the School District's monthly premiums were \$1,430.89 for family coverage and \$589.08 for single coverage. Dental insurance is also provided by the School District to qualified employees through the Stark County Schools Council for Governments. For fiscal year 2013, the School District's cost was \$184.51 for family coverage and \$74.84 for single coverage per employee per month.

Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance. The Stark County Schools Council of Government Board of Directors has the right to return monies to an existing school district subsequent to the settlement of all expenses and claims.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 8 – 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 defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per 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 can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS’ website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current 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 2013, 13.05 percent and .05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to 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 and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$162,673, \$152,019 and \$124,771, respectively; 47 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011.

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 publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 of 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2013, 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. 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 employer contributions. 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, 2013, 2012 and 2011 were \$575,761, \$586,419 and \$564,053, respectively; 82 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$32,599 made by the School District and \$23,285 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. The Board's liability is 6.2 percent of wages paid. As of June 30, 2013, three of the Board of Education members have elected social security.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 9 – Post Employment 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, Medicare Advantage and traditional indemnity plans. A prescription drug plan is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50. 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. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, .16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. 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 (including surcharge) for the fiscal years ended June 30, 2013, 2012, and 2011 were \$17,887, \$22,019, and \$30,628, respectively; 47 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$9,189, \$8,978, and \$8,029, respectively; 47 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

B. State Teachers Retirement System

Plan Description - The School District contributes to the cost sharing, multiple-employer defined benefit Health Plan (the "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 financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free (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 fiscal year 2013, 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, 2013, 2012, and 2011 were \$44,289, \$43,685, and \$45,109, respectively; 82 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

Note 10 – Long - Term Obligations

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

	<u>Outstanding</u> <u>6/30/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>6/30/2013</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
Governmental Activities:					
2007 School Improvement Refunding Bonds					
\$8,124,993 - 4.00-4.125% Serial and					
Term Bonds	\$ 7,575,000	0	0	7,575,000	0
Capital Appreciation Bonds	204,993	0	86,714	118,279	67,126
Accretion of Capital Bonds	489,763	136,378	233,286	392,855	221,972
	<u>489,763</u>	<u>136,378</u>	<u>233,286</u>	<u>392,855</u>	<u>221,972</u>
Total Governmental Activities					
Long-Term Obligations	<u>\$ 8,269,756</u>	<u>\$ 136,378</u>	<u>\$ 320,000</u>	<u>\$ 8,086,134</u>	<u>\$ 289,098</u>

General obligation bonds will be paid from the debt service fund.

2007 School Improvement Refunding General Obligation Bonds

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

At the date of refunding, \$8,480,777 (including premium and after underwriting fees and other issuance costs) was received to pay off old debt. As a result, \$8,125,000 of the 2004 Series Bonds are considered to be defeased and the liability for those bonds has been removed from the 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.

Rittman Exempted Village School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 2013 accretion amount is \$136,378.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2013 are as follows:

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>		<u>Capital Appreciation Bonds</u>		<u>Total</u>	
<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 0	\$ 310,474	\$ 67,126	\$ 252,874	\$ 67,126	\$ 563,348
2015	0	310,474	51,153	263,847	51,153	574,321
2016	325,000	303,974	0	0	325,000	303,974
2017	330,000	290,874	0	0	330,000	290,874
2018	345,000	277,373	0	0	345,000	277,373
2019-2023	1,935,000	1,165,069	0	0	1,935,000	1,165,069
2024-2028	2,285,000	730,864	0	0	2,285,000	730,864
2029-2032	2,355,000	196,525	0	0	2,355,000	196,525
Total	\$ 7,575,000	\$ 3,585,627	\$ 118,279	\$ 516,721	\$ 7,693,279	\$ 4,102,348

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 11 – Interfund Activity

At June 30, 2013, the General fund had an unpaid interfund cash advance, in the amount of \$860,000, for a short-term loan made to the Building Fund. This is expected to be repaid within one year.

Note 12 – Jointly Governed Organization

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 23 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 Tri-County Education Services Center, which serves as fiscal agent, located at 741 Winkler Drive, Wooster, Ohio 44691. During the year ended June 30, 2013, the School District paid \$75,967 to TCCSA for basic service charges.

Note 13 – Public Entity Risk Pool

The School District is a member of the Stark County Schools Council of Governments Health Benefit Plan (the Council), 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 Council 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 purpose of paying health benefit claims for employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. The School District accounts for the premiums paid as expenditures in the general or applicable fund.

Note 14 – Contingencies

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

B. Litigation

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

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

C. Other Commitments

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the School District's commitments for encumbrances in the general fund and non-major governmental funds were \$103,450 and \$33,916, respectively.

Note 15 – Statutory Restrictions

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by 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 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, 2013, the Board had not acted on the Senate Bill, in regards to the balance representing Bureau of Workers' Compensation rebates. For fiscal year ended June 30, 2013, the restriction activity was as follows:

	Capital Acquisition	Budget Stabilization
Set-Aside Reserve Balance June 30, 2012	\$ 0	\$ 96,299
Current Year Set Aside Requirement	186,255	0
Current Year Offsets	(229,022)	0
Total	\$ (42,767)	\$ 96,299
Balance carried forward to FY 2014	\$ 0	96,299
Set-Aside Reserve Balance June 30, 2013	\$ 0	96,299

Although the School District had qualifying offsets during the fiscal year that reduced the set-aside amount below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years. The balance for the budget stabilization at the end of the fiscal year was \$96,299. The set aside amount of \$96,299 is reported as restricted cash and investments in the general fund.

Rittman Exempted Village School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 16 – Fund Balance

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

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

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Classroom Facilities Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted for:					
Permanent Improvements & Maintenance	\$ 0	\$ 0	\$ 1,884,426	\$ 240,587	\$ 2,125,013
Debt Service	0	523,716	0	0	523,716
Budget Stabilization – BWC Refund	96,299	0	0	0	96,299
Food Service Operations	0	0	0	28,518	28,518
Athletics, Band and Choir	0	0	0	5,133	5,133
Improving teacher quality	0	0	0	2,637	2,637
Ohio Reads	0	0	0	50	50
Technology	0	0	0	15	15
Title programs	0	0	0	28,228	28,228
Total Restricted	<u>96,299</u>	<u>523,716</u>	<u>1,884,426</u>	<u>305,168</u>	<u>2,809,609</u>
Committed to:					
Educational funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,044</u>	<u>11,044</u>
Total Committed	0	0	0	11,044	11,044
Assigned for:					
Instruction	34,921	0	0	0	34,921
Support Services	68,529	0	0	0	68,529
Educational Activities	33,334	0	0	0	33,334
Subsequent years appropriations	1,071,510	0	0	0	1,071,510
Total Assigned	<u>1,208,294</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,208,294</u>
Unassigned					
	<u>1,127</u>	<u>0</u>	<u>0</u>	<u>(274)</u>	<u>853</u>
Total Fund Balance	<u>\$ 1,305,720</u>	<u>\$ 523,716</u>	<u>\$ 1,884,426</u>	<u>\$ 315,938</u>	<u>\$ 4,029,800</u>

November 23, 2013

To the Board of Education
Rittman Exempted Village School District
Wayne County, Ohio
100 Saurer Street
Rittman, Ohio 44270

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rittman Exempted Village School District, Wayne County, Ohio (the "School District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 23, 2013, wherein we noted the School District uses a comprehensive basis of accounting other than generally accepted accounting principles and the financial statements omit the financial data relating to the School District's legally-separate component unit.

Internal Control over Financial Reporting

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

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

Rittman Exempted Village School District
Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*
Page 2 of 2

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-01.

Entity's Response to Findings

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

Purpose of this Report

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

Rea & Associates, Inc.

New Philadelphia, Ohio

November 23, 2013

To the Board of Education
Rittman Exempted Village School District
Wayne County, Ohio
100 Saurer Street
Rittman, Ohio 44270

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Report on Compliance for Each Major Federal Program

We have audited the Rittman Exempted Village School District's (the "School District") compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal programs.

Management's Responsibility

The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Hea & Associates, Inc.

New Philadelphia, Ohio

RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT
WAYNE COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS
FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass Through Grantor Program Title	Program Year	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through the Ohio Department of Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	2013	10.553	\$ 65,107	\$ 65,107
National School Lunch Program (Food Distribution)	2013	10.555	32,567	32,567
National School Lunch Program	2013	10.555	236,228	236,228
Total Child Nutrition Cluster			333,902	333,902
Total U.S. Department of Agriculture			333,902	333,902
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through the Ohio Department of Education:</i>				
Special Education - Grants to States (IDEA Part B)	2012	84.027	41,005	10,887
Special Education - Grants to States (IDEA Part B)	2013	84.027	224,671	211,805
Total Special Education			265,676	222,692
Grants to Local Educational Agencies (Title I)	2012	84.010	21,777	25,161
Grants to Local Educational Agencies (Title I)	2013	84.010	204,760	191,264
Total Title I Grants			226,537	216,425
Technology Literacy Quality State Grants (Title II-D)	2012	84.318	1,322	1,322
Improving Teacher Quality State Grants (Title II-A)	2012	84.367	6,109	7,530
Improving Teacher Quality State Grants (Title II-A)	2013	84.367	42,207	40,768
Total Improving Teacher Quality State Grants (Title II-A)			48,316	48,298
Education Jobs Fund	2012	84.410	21,426	24,273
Total U.S. Department of Education			563,277	513,010
Totals			\$ 897,179	\$ 846,912

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

**Rittman Exempted Village School District
Wayne County, Ohio**

*Notes to the Schedule of Expenditures of Federal Awards – Cash Basis
For the Fiscal Year Ended June 30, 2013*

Note A – Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) reports the School District’s federal award programs’ receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

Note B – Child Nutrition Cluster

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

Note C – Food Donation Program

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

**RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT
WAYNE COUNTY, OHIO
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133, Section .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS
--

(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other significant deficiency conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d) (1) (iv)	Was there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list): Child Nutrition Cluster: National School Lunch School Breakfast	CFDA 10.555 CFDA 10.553
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT
WAYNE COUNTY, OHIO
SCHEDULE OF FINDINGS (continued)
OMB CIRCULAR A-133, Section .505
JUNE 30, 2013

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

FINDING 2013-01
Material Non-Compliance

Criteria: Ohio Admin. Code Section 117-2-03(B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

Condition: The School District chose to prepare its financial statements and notes on the basis of modified cash receipts and disbursements, which is a comprehensive basis of accounting other than GAAP.

Cause: The Rittman Exempted Village School District Board of Education elected to discontinue preparing its financial statements in accordance with GAAP. It was determined that the decision on whether or not to comply will be revisited annually and reviewed in conjunction with recommendation of the Treasurer.

Potential Effect: The financial statements and notes omit assets, liabilities, fund equities, and disclosures that are material, however, cannot be determined at this time.

Recommendation: It is recommended that the School District prepare its annual financial report in accordance with GAAP to comply with Ohio Admin. Code Section 117-2-03(B).

Client Response: The Rittman Exempted Village Board of Education recognizes the value in preparing accurate and timely financial statements to reflect the School District's operations as of fiscal year end. Due to the cost requirement of preparing these financial statements according to Generally Accepted Accounting Principles (GAAP), the Board has determined that preparing year-end statements on a modified cash basis of accounting will accurately reflect the district's financial position and allow for those resources previously spent on GAAP preparation to be allocated to education purposes.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None noted

RITTMAN EXEMPTED VILLAGE SCHOOL DISTRICT
WAYNE COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133, SECTION .315(b)
JUNE 30, 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2012-01	Material Non-Compliance – The school district’s financial statements prepared on modified cash basis.	No	Is repeated as finding 2013-01.

November 23, 2013

To the Board of Education and Management
Rittman Exempted Village School District
Wayne County, Ohio
100 Saurer Street
Rittman, Ohio 44270

Independent Accountant's Report on Applying Agreed-Upon Procedure

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on September 18, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act."

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

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

Rea & Associates, Inc.

New Philadelphia, Ohio

This page intentionally left blank.



Dave Yost • 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
DECEMBER 31, 2013**