

**RAVENNA SCHOOL DISTRICT**  
**ANNUAL AUDIT REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*Wolfe, Wilson, & Phillips, Inc.*  
*37 South Seventh Street*  
*Zanesville, Ohio 43701*





# Dave Yost • Auditor of State

Board of Education  
Ravenna City School District  
507 East Main Street  
Ravenna, Ohio 44266

We have reviewed the *Independent Auditors' Report* of the Ravenna City School District, Portage County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period July 1, 2010 through June 30, 2011. 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 Ravenna City School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

February 6, 2012

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**RAVENNA SCHOOL DISTRICT  
PORTAGE COUNTY**

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**WOLFE, WILSON, & PHILLIPS, INC.**  
**37 SOUTH SEVENTH STREET**  
**ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Board of Education  
Ravenna School District  
Ravenna, Ohio 44266

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ravenna School District, Portage County as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ravenna School District, Portage County as of June 30, 2011, and the respective changes in financial position and cash flows and the respective budgetary comparison for the General Fund for the year then ended in conformity generally accepted accounting principles accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2011, on our consideration of Ravenna School District's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As stated in Note 3, the District implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type definitions" and GASB No. 59 "Financial Instruments Omnibus" during the year ended June 30, 2011.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
December 15, 2011

**Ravenna School District**

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**Ravenna School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*(Unaudited)*

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The discussion and analysis of the Ravenna School District's (the School District's) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key Financial Highlights for 2011 are as follows:

- ❑ General Revenues accounted for \$27.8 million in revenue or 82% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions and capital grants and interest accounted for \$6.0 million or 18% of total revenues of \$33.8 million.
- ❑ Total program expenses were \$32.4 million in Governmental Activities.
- ❑ In total, net assets of Governmental Activities increased \$1.4 million.
- ❑ Outstanding Long-Term Debt and Capital Leases decreased from \$19.5 million to \$19.0 million.

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

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* excluding fiduciary funds using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- ❑ Governmental Activities – All of the School District's programs and services are reported here, including instruction, support services, food service operation and extracurricular activities.
- ❑ Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 19.

**Ravenna School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*(Unaudited)*

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

*Fund Financial Statements*

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental fund is the general fund.

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

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2011 compared to 2010:

**Table 1**  
**Net Assets**

	Government Activities	
	2011	Restated 2010
<b><u>Assets</u></b>		
Current and other assets	\$ 21,068,390	\$ 21,506,430
Capital assets, net	35,999,783	34,559,355
Total assets	57,068,173	56,065,785
<b><u>Liabilities</u></b>		
Current liabilities	14,162,159	13,925,252
Long-term liabilities	21,118,611	21,759,750
Total liabilities	35,280,770	35,685,002
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	17,652,126	15,768,119
Restricted	3,596,430	4,679,815
Unrestricted (Deficit)	538,847	(67,151)
Total net assets	\$ 21,787,403	\$ 20,380,783

Total assets increased \$1,002,388. The reduction in cash was primarily the result of payment of debt. The increase in capital assets is primarily the completion of the high school and transportation facility.

**Ravenna School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*(Unaudited)*

Total liabilities decreased \$404,232. The most significant factors was a decrease in contracts payable for the new high school, and a decrease in deferred revenue for proceeds for the Ohio School Facility Commission. Long term liabilities decreased \$.6 million through the repayment of principal.

Table 2 shows the changes in net assets for fiscal year 2011 and 2010.

**Table 2**  
**Change in Net Assets**

	Governmental Activities	
	2011	2010*
Revenues		
Program Revenues:		
Charges for Services and Sales	\$ 1,669,737	\$ 1,665,097
Operating Grants, Contributions and Interest	4,278,533	3,400,699
Capital Grants , Contributions and Interest	69,063	60,057
General Revenues:		
Property Taxes	10,415,036	12,347,181
Grants and Entitlements	17,152,289	17,172,589
Insurance Settlements	68,000	102,000
Miscellaneous and Investment Earnings	188,358	210,268
Total Revenues	<u>33,841,016</u>	<u>34,957,891</u>
Program Expenses:		
Instruction	17,321,085	18,520,518
Support Services:		
Pupils	1,413,456	1,577,845
Instructional Staff	909,854	965,682
Board of Education	65,661	42,232
Administration	2,304,888	2,407,654
Fiscal Services	688,994	683,966
Business	254,061	259,881
Operation and Maintenance of Plant	4,381,866	2,929,725
Pupil Transportation	1,142,842	1,303,303
Central	725,826	1,085,460
Operation of Non-Instructional Services	31,544	82,928
Operation of Food Service	1,522,337	1,528,193
Extracurricular Activities	769,301	1,184,413
Interest and Fiscal Charges	902,681	956,890
Total Expenses	<u>32,434,396</u>	<u>33,528,690</u>
Change in Net Assets	<u>\$ 1,406,620</u>	<u>\$ 1,429,201</u>

\*Excludes the activities of funds reported in the special revenue funds and permanent trust funds with the implementation of GASB 54 (See Note 23). Amount was not significant and would not impact the analysis.

The majority of revenues supporting governmental activities are general revenues. General revenues totaled \$27.8 million or 82% of total revenue. The most significant portion of the general revenue is local property taxes and grants and entitlements not restricted for specific programs. The remaining amount of revenue received was in the form of program revenues which totaled \$6.0 million or 18% of total revenue.

**Ravenna School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*(Unaudited)*

Overall revenue decreased \$1,116,875 or 3.2% over fiscal year 2010. The primary factor contributing to this decrease was a decrease in the tax collections.

Program expenses decreased \$1,094,294 in 2011. This decrease can be attributed to a decrease in staffing and extracurricular activities due to cutbacks.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activity had total revenues of \$33.8 million and expenses of \$32.4 million.

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2011	2010*	2011	2010*
Instruction	\$ 17,321,085	\$ 18,520,518	\$(13,640,170)	\$(16,014,029)
Support Services:				
Pupils and Instructional Staff	2,323,310	2,543,527	(2,029,668)	(2,088,739)
Board of Education, Administration, Fiscal and Business	3,313,604	3,393,733	(3,189,451)	(3,277,134)
Operation and Maintenance of Plant	4,381,866	2,929,725	(4,181,334)	(2,829,049)
Pupil Transportation and Central	1,868,668	2,388,763	(1,786,651)	(2,219,647)
Operation of Non-Instructional Services	31,544	82,928	175,921	142,545
Operation of Food Service	1,522,337	1,528,193	(305,017)	(217,666)
Extracurricular Activities	769,301	1,184,413	(558,962)	(942,228)
Interest and Fiscal Charges	902,681	956,890	(902,681)	(956,890)
Total Expenses	<u>\$ 32,434,396</u>	<u>\$ 33,528,690</u>	<u>\$(26,418,013)</u>	<u>\$(28,402,837)</u>

Total cost of service for 2011 decreased 3.3% from 2010. Instruction and Student Support Services comprise 60.6% of governmental program expenses. Significant changes in Net Cost of Services occurred within the instruction.

The dependence upon tax revenues for governmental activities is apparent. Over 82% of expenses are not supported by program specific revenues. General revenues, primarily local property taxes and grant and entitlements not restricted to specific programs are used to provide program services. The community, as a whole, is by far the primary supporter for Ravenna School District students.

**Ravenna School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*(Unaudited)*

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

Information about the School District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$33.3 million and expenditures and other financing uses of \$34.7 million. The general fund increased \$225,661; this increase was due to amounts available for advances of taxes.

***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 2011, there were minor changes to the School District's total general fund budget. The School District uses site-based budgeting and the budgeting system which are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue was \$26,022,247, \$22,247 over the original budget estimates of \$26,000,000. There was no individually significant event that caused the variance.

The School District revises its appropriations throughout the fiscal year. During fiscal year 2011, no significant fluctuations between original and final budget were noted. Final appropriations of \$27,055,598 were higher by \$744,040, than actual expenditures of \$26,311,558. The School District was able to find ways to be fiscally responsible with spending based on revenues received during the fiscal year.

***Capital Assets and Debt Administration***

**Capital Assets**

At the end of fiscal year 2011, the School District had \$36.0 million invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2011 balances compared with 2010 net of depreciation. See Note 9 for more information regarding the capital assets of the School District.

**Table 4**  
**Capital Assets, Net of Depreciation at June 30**

	Governmental Activities	
	2011	2010
Land	\$ 74,984	\$ 74,984
Construction in Progress	0	28,137,719
Land Improvements	2,135,778	2,297,546
Building and Improvements	32,977,855	3,387,623
Furniture and Equipment	436,025	375,846
Vehicles	375,141	285,637
	\$ 35,999,783	\$ 34,559,355
Total	\$ 35,999,783	\$ 34,559,355

**Ravenna School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*(Unaudited)*

The increase in capital assets was attributable to the final costs associated with the construction of the new high school and transportation facility.

Ohio law required school districts to set aside 3% of certain revenues for each set aside. The School District has qualifying disbursements or offsets exceeding these requirements for capital improvement and textbooks. See Note 20 for additional information.

**Long -Term Obligations**

At June 30, 2011, the School District had improvement bonds and energy conservation bonds outstanding of \$16,227,480, with \$367,566 due within one year, and a capital leases for a stadium and buses with an outstanding balance of \$2,774,013, with \$252,859 due within one year. During fiscal year 2011, \$432,868 of debt and leases were retired. Table 5 summarizes bonds and lease outstanding. See Note 14 for additional information regarding the long-term obligations of the School District.

**Table 5**  
**Outstanding Long Term Obligations, at Year End**

	2011	2010
General Obligation Bonds:		
2003 Energy Conservation	\$ 260,000	\$ 285,000
2006 School Improvement Bond	13,480,000	13,480,000
2007 School Improvement Bond	1,390,000	1,440,000
Capital Appreciation Bonds - 2006	146,867	260,086
Capital Appreciation Bonds - 2007	50,425	50,425
Premium on Debt Issuance - 2006	592,237	617,986
Accretion of Capital Appreciation Bonds - 2006	268,310	327,181
Accretion of Capital Appreciation Bonds - 2007	39,641	26,842
Total General Obligation Bonds	16,227,480	16,487,520
Capital Lease	2,774,013	3,018,662
Total Long Term Obligations	\$ 19,001,493	\$ 19,506,182

**Current Issues**

An auction was held in hopes of disposing of the former high school. A couple of bids were received but were well below the board of education's minimum, hence, the bid was rejected. The board was recently approached with a general concept for its utilization. That concept is under review and looks promising.

State funding for the district will be cut an estimated 4.7% for the 2011-2012 school year. That is to be followed by an additional cut of half that amount for the 2012-2013 school year.

To assist the School District, the teacher's association agreed to only a ½% base increase for the 2011-2012 school year. More recently, a contract extension of one year was approved during which they received no base increase, no step increases, and their health insurance share will increase from 10% up to 15%.

**Ravenna School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*(Unaudited)*

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The School District's general fund carryover balance was just under \$3.9 million.

The School District is experiencing some turnover in administrative personnel for the new school year. The superintendent and the treasurer both retired. The food service director also retired. The School District has crafted a shared services contract with a neighboring school district for the position. The transportation director also retired; her duties will be added to those of the building and ground supervisor.

***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 Phillip Butto, Treasurer, Ravenna School District, 507 East Main Street, Ravenna, Ohio 44266.

**Ravenna School District**  
*Statement of Net Assets*  
*June 30, 2011*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 6,913,726
Receivables:	
Accounts	13,560
Taxes	13,171,068
Intergovernmental	624,151
Deferred Charges	345,885
Nondepreciable Capital Assets	74,984
Depreciable Capital Assets (Net)	35,924,799
<i>Total Assets</i>	57,068,173
<b>Liabilities</b>	
Accounts Payable	63,364
Accrued Wages and Benefits	2,428,906
Accrued Vacation Leave Payable	50,339
Accrued Interest Payable	323,319
Intergovernmental Payable	1,020,676
Deferred Revenue	10,275,555
Long Term Liabilities:	
Due Within One Year	741,660
Due In More Than One Year	20,376,951
<i>Total Liabilities</i>	35,280,770
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	17,652,126
Restricted for:	
Debt Service	249,834
Capital Projects	2,727,571
Other Purposes	438,085
Set Asides	180,940
Unrestricted	538,847
<i>Total Net Assets</i>	\$ 21,787,403

See accompanying notes to the basic financial statements.



**Ravenna School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$ 9,925,942	\$ 405,270	\$ 1,311,172	\$ 0	\$ (8,209,500)
Special	5,039,459	155,219	1,712,968	0	(3,171,272)
Vocational	337,680	0	0	0	(337,680)
Student Intervention	26,108	0	0	0	(26,108)
Other	1,991,896	86,233	10,053	0	(1,895,610)
Support Services:					
Pupils	1,413,456	0	0	0	(1,413,456)
Instructional Staff	909,854	0	293,642	0	(616,212)
Board of Education	65,661	0	0	0	(65,661)
Administration	2,304,888	103,480	15,491	0	(2,185,917)
Fiscal	688,994	0	5,632	0	(683,362)
Business	254,061	0	0	0	(254,061)
Operation and Maintenance of Plant	4,381,866	112,103	32,889	55,540	(4,181,334)
Pupil Transportation	1,142,842	0	47,569	0	(1,095,273)
Central	725,826	0	20,925	13,523	(691,378)
Operation of Non-Instructional Services	31,544	181,895	25,570	0	175,921
Food Service Operations	1,522,337	429,553	788,267	0	(304,517)
Extracurricular Activities	769,301	195,984	14,355	0	(558,962)
Interest and Fiscal Charges	902,681	0	0	0	(902,681)
<i>Total Governmental Activities</i>	<u>\$ 32,434,396</u>	<u>\$ 1,669,737</u>	<u>\$ 4,278,533</u>	<u>\$ 69,063</u>	<u>(26,417,063)</u>
<b>General Revenues</b>					
Property Taxes Levied for:					
					9,299,362
General Purposes					868,693
Debt Service					246,981
Capital Outlay					
Grants and Entitlements not					
Restricted to Specific Programs					17,152,289
Investment Earnings					34,560
Insurance Settlement					68,000
Miscellaneous					153,798
<i>Total General Revenues</i>					<u>27,823,683</u>
<i>Change in Net Assets</i>					1,406,620
<i>Net Assets Beginning of Year (Restated - See Note 23)</i>					<u>20,380,783</u>
<i>Net Assets End of Year</i>					<u>\$ 21,787,403</u>

See accompanying notes to the basic financial statements.

**Ravenna School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2011*

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Equity in Pooled Cash and Equivalents	\$ 3,789,423	\$ 2,943,363	\$ 6,732,786
Restricted Cash and Cash Equivalents	180,940	0	180,940
Receivables:			
Accounts	3,320	10,240	13,560
Taxes	11,552,139	1,618,929	13,171,068
Intergovernmental	214,154	409,997	624,151
<i>Total Assets</i>	<u>\$ 15,739,976</u>	<u>\$ 4,982,529</u>	<u>\$ 20,722,505</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 48,636	\$ 14,728	\$ 63,364
Accrued Wages and Benefits	2,307,406	121,500	2,428,906
Intergovernmental Payable	929,143	91,533	1,020,676
Deferred Revenue	10,866,386	1,688,746	12,555,132
<i>Total Liabilities</i>	<u>14,151,571</u>	<u>1,916,507</u>	<u>16,068,078</u>
<b>Fund Balances</b>			
Restricted	180,940	3,120,217	3,301,157
Assigned	154,990	0	154,990
Unassigned	1,252,475	(54,195)	1,198,280
<i>Total Fund Balances</i>	<u>1,588,405</u>	<u>3,066,022</u>	<u>4,654,427</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 15,739,976</u>	<u>\$ 4,982,529</u>	<u>\$ 20,722,505</u>

See accompanying notes to the basic financial statements.

**Ravenna School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets Governmental Activities  
 June 30, 2011*

Total Governmental Fund Balances	\$	4,654,427
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		35,999,783
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Grants	\$ 208,564	
Excess Cost Tuition	197,037	
Delinquent Property Taxes	1,873,976	2,279,577
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		
General Obligation Bonds	(15,130,000)	
Capital Appreciation Bonds	(197,292)	
Accretion on Bonds	(307,951)	
Premium on Debt Issuance	(592,237)	
Capital Lease Obligation	(2,774,013)	(19,001,493)
Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
Deferred Charges-Issuance Costs	345,885	
Interest Payable	(323,319)	
Compensated Absences	(2,117,118)	
Accrued Vacation Payable	(50,339)	(2,144,891)
<i>Net Assets of Governmental Activities</i>		<b>\$ 21,787,403</b>

See accompanying notes to the basic financial statements.

**Ravenna School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2011*

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Taxes	\$ 8,711,440	\$ 1,202,637	\$ 9,914,077
Intergovernmental	16,036,044	5,217,484	21,253,528
Investment Income	34,560	18,205	52,765
Tuition and Fees	792,066	183,738	975,804
Extracurricular Activities	108,873	76,993	185,866
Charges for Services	32,107	394,475	426,582
Rentals	12,686	9,259	21,945
Gifts and Donations	9,450	5,352	14,802
Miscellaneous	119,743	100,485	220,228
<i>Total Revenues</i>	<u>25,856,969</u>	<u>7,208,628</u>	<u>33,065,597</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	9,203,399	2,135,239	11,338,638
Special	3,607,464	1,412,777	5,020,241
Vocational	341,294	0	341,294
Student Intervention	26,108	0	26,108
Other	1,944,734	47,162	1,991,896
Support Services:			
Pupils	1,313,905	150,544	1,464,449
Instructional Staff	687,704	219,966	907,670
Board of Education	66,617	0	66,617
Administration	2,268,505	17,402	2,285,907
Fiscal	652,447	35,778	688,225
Business	260,595	0	260,595
Operation and Maintenance of Plant	2,508,505	172,748	2,681,253
Pupil Transportation	1,218,105	34,280	1,252,385
Central	652,777	52,516	705,293
Operation of Non-Instructional Services	69	19,160	19,229
Food Service Operations	0	1,535,711	1,535,711
Extracurricular Activities	604,080	77,397	681,477
Capital Outlay	0	1,818,387	1,818,387
Debt Service:			
Principal Retirement	0	432,868	432,868
Interest and Fiscal Charges	0	946,980	946,980
<i>Total Expenditures</i>	<u>25,356,308</u>	<u>9,108,915</u>	<u>34,465,223</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	500,661	(1,900,287)	(1,399,626)
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	275,000	275,000
Transfers Out	(275,000)	0	(275,000)
<i>Total Financing Sources and (Uses)</i>	<u>(275,000)</u>	<u>275,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	225,661	(1,625,287)	(1,399,626)
<i>Fund Balance at Beginning of Year (Restated-See Note 23)</i>	<u>1,362,744</u>	<u>4,691,309</u>	<u>6,054,053</u>
<i>Fund Balance at End of Year</i>	<u>\$ 1,588,405</u>	<u>\$ 3,066,022</u>	<u>\$ 4,654,427</u>

See accompanying notes to the basic financial statements.

**Ravenna School District**  
*Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances to the Statement of Activities  
For the Fiscal Year Ended June 30, 2011*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	(1,399,626)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which the additions exceeded depreciation in the current period.		
Capital Asset Additions	\$ 2,249,279	
Current Year Depreciation	<u>(808,851)</u>	1,440,428
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Grants	197,037	
Excess Cost Tuition	77,422	
SERS Reimbursement	(14,498)	
Delinquent Property Taxes	<u>500,960</u>	760,921
 Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Bond Principal	188,219	
Accreted Interest on Matured Capital Appreciation Bonds	206,781	
Capital Lease Principal	<u>244,649</u>	639,649
 Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	136,450	
Accrued Vacation Payable	<u>(8,720)</u>	127,730
 The issuance of general obligation bonds and related activities are expenditures and other financing sources and uses in the governmental funds, but these transactions are reflected in the statement of net assets as long-term assets and liabilities.		
Interest Payable	(12,484)	
Bond Premium Amortization	25,749	
Accretion on Bonds	(160,709)	
Deferred Charges- Amortization	<u>(15,038)</u>	(162,482)
 <b>Change in Net Assets of Governmental Activities</b>	 \$	 <u><u>1,406,620</u></u>

See accompanying notes to the basic financial statements.

**Ravenna School District**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 General Fund  
 For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes	\$ 9,617,546	\$ 9,298,538	\$ 9,628,958	\$ 330,420
Intergovernmental	15,235,009	15,614,323	16,045,567	431,244
Investment Income	60,551	58,543	35,158	(23,385)
Tuition and Fees	666,063	643,970	796,529	152,559
Charges for Services	25,230	24,393	32,182	7,789
Rent	8,073	7,806	12,686	4,880
Miscellaneous	77,203	74,642	109,090	34,448
<i>Total Revenues</i>	<u>25,689,675</u>	<u>25,722,215</u>	<u>26,660,170</u>	<u>937,955</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	16,393,550	16,047,751	15,377,180	670,571
Support Services:				
Pupils	1,454,320	1,452,427	1,329,389	123,038
Instructional Staff	726,693	724,094	711,659	12,435
Board of Education	50,515	66,386	67,958	(1,572)
Administration	2,320,592	2,324,462	2,297,831	26,631
Fiscal	668,176	666,886	670,577	(3,691)
Business	264,110	263,601	266,552	(2,951)
Operation and Maintenance of Plant	2,653,550	2,648,429	2,872,932	(224,503)
Pupil Transportation	1,288,549	1,313,509	1,257,548	55,961
Central	664,145	663,362	666,402	(3,040)
Extracurricular Activities	562,612	561,527	518,530	42,997
Capital Outlay	27,610	27,557	0	27,557
<i>Total Expenditures</i>	<u>27,074,422</u>	<u>26,759,991</u>	<u>26,036,558</u>	<u>723,433</u>
Excess of Revenues Over (Under) Expenditures	(1,384,747)	(1,037,776)	623,612	1,661,388
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Expenditures	302,756	292,714	294,093	1,379
Advance In	7,569	7,318	7,953	635
Proceeds From Sale of Capital Assets	0	0	31,530	31,530
Transfers Out	(326,179)	(295,607)	(275,000)	20,607
<i>Total Other Financing Sources (Uses)</i>	<u>(15,854)</u>	<u>4,425</u>	<u>58,576</u>	<u>54,151</u>
<i>Net Change in Fund Balance</i>	(1,400,601)	(1,033,351)	682,188	1,715,539
<i>Fund Balance at Beginning of Year (Restated - See Note 23)</i>	3,055,541	3,055,541	3,055,541	0
Prior Year Encumbrances Appropriated	55,601	55,601	55,601	0
<i>Fund Balance at End of Year</i>	<u>\$ 1,710,541</u>	<u>\$ 2,077,791</u>	<u>\$ 3,793,330</u>	<u>\$ 1,715,539</u>

See accompanying notes to the basic financial statements.

**Ravenna School District**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*June 30, 2011*

	Private Purpose Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$ 23,011	\$ 74,809
Cash and Investments in Segregated Accounts	726,654	0
Notes Receivable	526,998	0
<i>Total Assets</i>	1,276,663	\$ 74,809
<b>Liabilities</b>		
Undistributed Monies	0	\$ 11,197
Due to Students	0	63,612
<i>Total Liabilities</i>	0	\$ 74,809
<b>Net Assets</b>		
Held in Trust for Scholarships	1,276,663	
<i>Total Net Assets</i>	\$ 1,276,663	

See accompanying notes to the basic financial statements.

**Ravenna School District**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Funds*  
*For the Fiscal Ended June 30, 2011*

	Private Purpose Trust
<b>Additions</b>	
Interest	\$ 8,836
Gifts and Contributions	4,490
<i>Total Additions</i>	13,326
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	9,249
<i>Total Deductions</i>	9,249
<i>Change in Net Assets</i>	4,077
<i>Net Assets Beginning of Year (Restated - See Note 23)</i>	1,272,586
<i>Net Assets End of Year</i>	\$ 1,276,663

See accompanying notes to the basic financial statements.



**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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

The Ravenna School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. Average daily membership on, or as of, October 1, 2010, was 2,996. The School District employs 187 certificated and 155 non-certificated employees.

***Reporting Entity***

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes for the organization. The School District has no component units.

The School District is associated with two organizations which are defined as jointly governed organizations, two public entity risk pools, and a related organization. These organizations are the Stark-Portage Area Computer Consortium, the Maplewood Area Joint Vocational School, Ohio School Boards Association Workers Compensation Group Rating Plan, the Stark County School Council of Governments Health Benefits Program and Reed Memorial Public Library. These organizations are presented in Notes 10, 17 and 18 to the basic financial statements.

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

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

The most significant of the School District's accounting policies are described below.

**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***Implementation of New Accounting Policies***

For the year ended June 30, 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" and GASB Statement No. 59, "*Financial Instruments Omnibus*."

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned and/or unassigned.

GASB Statement No. 59 updated and improved existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Implementation of this GASB statement did not affect the presentation of the financial statements of the School District.

***A. Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The effect of interfund activity within governmental type activity columns has been removed from these statements.

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

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

**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***B. Fund Accounting***

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

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

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

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

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

***C. Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All non fiduciary assets and liabilities associated with the operation of the School District are included on the statement of net assets.

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

The private purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations. Neither of the fiduciary fund types are included in the Government-Wide Financial Statements.

**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***D. Basis of Accounting***

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

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

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

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

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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

***E. Cash and Investments***

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool, except for certain trust fund monies that have been separately invested in a mutual fund. Individual fund integrity is maintained through School District records. Each funds' interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. The School District has segregated a portion of cash balances, reported as "Cash and Investments in Segregated Accounts" which are used for the construction project.

During fiscal year 2011, investments were limited to donated common stocks, money market funds, U. S. Treasury Notes, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and government reserves fund. These nonparticipating investment contracts are reported at cost.

For presentation on the financial statements, investments of the cash management pool and investments with maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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 2011 amounted to \$34,560, which includes \$16,550 assigned from other School District funds.

***F. Restricted Assets***

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets may include amounts required by statute to be set aside for the purchase of textbooks and capital improvements. Restricted assets may also include amounts set aside as a reserve for budget stabilization, which is now optional as determined by the School District. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

***G. Deferred Charges and Bond Premiums***

In governmental fund types, bond premiums and issuance costs are recognized in the current period. On the statement of net assets, note premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which is not significantly different than the bonds outstanding method, or the effective interest method. Bond premiums are presented as an addition to the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***H. Capital Assets***

General capital assets are those assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

***I. Compensated Absences***

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

Sick leave benefits are accrued as a liability using the termination method. The liability includes the employees who are eligible to receive termination benefits and those the School District had identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

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

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These are reported as "Matured Compensated Absences Payable".

**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

***K. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

***L. Fund Balance***

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

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

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

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

**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

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

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

***M. Interfund Activity***

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

On fund financial statements, receivables and payables resulting from short-term interfund loans and interfund services provided and used are classified as "Interfund Receivables/Payables." Interfund balances are eliminated in the governmental activities column of the statement of net assets.

***N. 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 2011.

***O. Estimates***

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



**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***P. Budgetary Data***

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2011.

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

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

**Note 3 – Accountability**

Fund balance at June 30, 2011 included the following individual fund deficits. These deficits were caused by the application of GAAP. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The following funds had deficit balances:

<u>Non-Major Governmental Funds:</u>	<u>Fund Balance</u>
Food Service	\$ 52,960
Public School Pre-School Grant	1,235

**Note 4 – Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
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2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

**Net Change in Fund Balance**

GAAP Basis		\$ 225,661
Net adjustments for revenue accruals		1,258,648
Net adjustments for expenditure accruals		(700,403)
Funds budgeted elsewhere**		2,377
Adjustments for encumbrances		<u>(104,095)</u>
Budget Basis		<u>\$ 682,188</u>

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

**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.

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

Interim monies 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;
3. Written repurchase agreements is 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 thirty 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 (STAR Ohio);
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.

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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 the School District's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. By law and per School District policy, 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. The School District's policy does not discuss custodial credit risk.

**Deposits** At fiscal year-end, the carrying amount of the School District's deposits was \$7,195,818. The School District's bank balance of \$7,462,018 was exposed to custodial credit risk as follows:

1. \$477,018 of the bank balance was covered by federal depository insurance corporation (FDIC); and
2. \$6,985,000 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**Investments** Investments are reported at fair value. As of June 30, 2011, the School District had the following investments:

Rating by Standards and Poor's	Entity	Fair Value	Investment Maturity (in years)		Percentage
			0-1	2-5	
N/A	U. S. Treasury	\$ 305,684	\$ 151,069	\$ 154,615	56.36%
Aaa	Federal Home Loan Bank	157,389	50,657	106,732	29.02%
Aaa	Federal Home Loan Mtg Corp	50,656	50,656	0	9.34%
A3	Key Corp-Common Stock Options*	9,996	N/A	N/A	1.84%
AAAm	Victory Gradison Government Reserves Fund	18,657	18,657	0	3.44%
		<u>\$ 542,382</u>	<u>\$ 271,039</u>	<u>\$ 261,347</u>	<u>100.00%</u>

\*Rated by Moody's Investor Service

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

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

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

**Concentration of Credit Risk:** The School District will diversify its investments by security, type and institution. There is no limit in investments unless the School District invests interim funds in which case there is a maximum of 25% in either or a combined total of:

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- A. Commercial paper notes issued by a for-profit corporation, business trust or association, real estate investment trust, common-law trust, unincorporated business, or general or limited partnership which has assets exceeding \$500,000,000. Such notes must:
  - 1. be rated at the time of purchase in the highest classification established by at least two (2) rating services;
  - 2. have an aggregate value that does not exceed ten percent of the outstanding commercial paper of the issuing entity;
  - 3. mature within 180 days after purchase.
  
- B. Bankers acceptances of banks that are members of the FDIC and whose obligations:
  - 1. are eligible for purchase by the Federal Reserve System;
  - 2. mature no later than 180 days after purchase.

**Note 6 - Property Taxes**

Property taxes are levied and assessed on a calendar year basis. First half tax collections are received by the School District in the second half of the fiscal year. Second half distributions occur in a new fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located within the School District. Real Property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values for real property taxes are established by State law at 35% of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternative payment dates to be established.

Public utility property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. All property is required to be revalued every six years. Public utility property taxes are assessed at 35% of true value and public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2009 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if

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paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30. House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunication companies, and railroads. The tax on general business and railroad property was eliminated by calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The School District receives property taxes from Portage 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 year-end are available to finance the current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property and public utility taxes, which became measurable as of year-end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at year-end is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

The amount available as an advance at year-end was \$894,317 in the general fund, \$88,073 in the bond retirement debt service fund, and \$39,147 in the capital project funds and is recognized as revenue on the fund financial statements.

On the accrual basis, collectible delinquent property taxes have been recorded as revenue on the statement of activities.

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

	2010 Second Half Collections		2011 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 323,644,380	97.08%	\$ 324,268,890	97.13%
Public Utility	9,242,290	2.77%	9,574,930	2.87%
Tangible Personal Property	490,170	0.15%	0	0.00%
	<u>\$ 333,376,840</u>	<u>100.00%</u>	<u>\$ 333,843,820</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$ 65.83		\$ 65.69	

**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
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**Note 7 - Receivables**

Receivables at June 30, 2011, consisted of taxes, accounts (tuition and excess costs), intergovernmental, and notes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Intergovernmental receivables as of June 30, 2011 consisted of:

	<u>Amount</u>
General Fund	\$ 214,154
Other governmental funds:	
Food Service	3,273
Integrated Pre-School	3,186
Public School Pre-School	9,060
IDEA - Special Education	233,267
Title II D - Technology	41,867
Title I - Disadvantaged Children	110,043
IDEA - Preschool Grant for Handicapped	1,968
Improving Teacher Quality	<u>7,333</u>
	<u>\$ 624,151</u>

**Note 8 – Notes Receivable**

The Wichterman trust fund was established in 1984 through a probate will. Qualified students may borrow interest free, any amount to pay for the costs of higher education. Repayment begins six months after termination of college attendance.

The Jane Jenkins Scholarship Loan Fund was established in 1984, in accordance with her last will and testament. Four interest free scholarship loans of \$5,000 each are awarded annually to deserving students for their use in pursuing higher education. Loans are to be repaid upon graduation or early withdrawal from school.

At the close of fiscal year 2011, there were 58 students with a total principal loan balance outstanding of \$526,998.

**RAVENNA SCHOOL DISTRICT**  
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**Note 9 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
<b>Governmental Activities</b>				
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 74,984	\$ 0	\$ 0	\$ 74,984
Construction in Progress	28,137,719	0	(28,137,719)	0
<i>Total Capital Assets, Not Being Depreciated</i>	28,212,703	0	(28,137,719)	74,984
<i>Capital Assets, Being Depreciated</i>				
Land Improvements	5,089,441	75,410	0	5,164,851
Buildings and Improvements	12,004,404	30,030,524	0	42,034,928
Furniture and Equipment	1,686,796	124,265	(17,051)	1,794,010
Vehicles	1,969,772	156,799	(79,509)	2,047,062
<i>Total Capital Assets, Being Depreciated</i>	20,750,413	30,386,998	(96,560)	51,040,851
<i>Accumulated Depreciation</i>				
Land Improvements	(2,791,895)	(237,178)	0	(3,029,073)
Buildings and Improvements	(8,616,781)	(440,292)	0	(9,057,073)
Furniture and Equipment	(1,310,950)	(64,086)	17,051	(1,357,985)
Vehicles	(1,684,135)	(67,295)	79,509	(1,671,921)
<i>Total Accumulated Depreciated</i>	(14,403,761)	(808,851)	96,560	(15,116,052)
<i>Total Capital Assets Being Depreciated, Net</i>	6,346,652	29,578,147	0	35,924,799
<i>Governmental Activities, Capital Assets, Net</i>	\$ 34,559,355	\$ 29,578,147	\$ (28,137,719)	\$ 35,999,783

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 469,564
Special	2,400
Support Services:	
Pupils	2,707
Administration	7,999
Business	1,161
Operations and Maintenance of Plant	16,716
Pupil Transportation	62,670
Central	16,464
Operation of Non-Instructional Services:	
Food Service Operations	1,288
Extracurricular Activities	227,882
Total Depreciation	\$ 808,851



**RAVENNA SCHOOL DISTRICT**  
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**Note 10– Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The School District has a property and fleet insurance, liability insurance and inland marine coverage policies through private insurance carriers. The deductibles for the property insurance are \$1,000. The deductibles for the fleet insurance and inland marine coverage vary from \$0 to \$1,000 depending on the incident.

The board president and superintendent have a \$30,000 position bond with Travelers. The treasurer is covered under a surety bond in the amount of \$100,000. There has been no reduction in insurance coverage from the prior year, and claims have not exceeded coverage in the last three fiscal years.

***B. Workers' Compensation***

The School District pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per \$100 of salaries. The School District is a member of the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. This rate is calculated based on accident history and administrative costs.

***C. Employee Medical Benefits***

The School District has contracted with the Stark County School Council of Governments Health Benefits Program to provide employee medical/surgical and dental benefits. The Stark County Council of Governments Health Benefits Programs is a shared risk pool comprised of fifteen school districts. Rates are set through an annual calculation process. The School District pays a monthly contribution which is paid to a common fund from which claim payments are made for all participants regardless of claim flow. The board of directors has the right to return monies to an exiting school district subsequent to the settlements of all expenses and claims. The School District pays premiums of \$1,362.75 for family coverage and \$504.92 for single coverage per employee per month.

Dental insurance is also provided through the Stark County School Council of Governments Health Benefits Program. Premiums for dental coverage are \$163.42 for family coverage and \$66.28 for single coverage per employee per month.

**Note 11 - 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 benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
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Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund and Health Care Fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.81%. The remaining 2.19% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$515,553, \$583,231, and \$401,084, respectively; 38% has been contributed for fiscal year 2011 and 100% for the fiscal years 2010 and 2009. \$377,769 represents the unpaid contributions for fiscal year 2011, and is recorded as a liability within the respective funds.

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

Plan Description - The School District participates in the State defined benefit pension 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 includes financial statements and required supplementary information. That report 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](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's 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% of earned compensation among various 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 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. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
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The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$1,765,659, \$1,762,772, and \$1,707,891, respectively; 83% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$31,665 made by the School District and \$22,618 made by the plan members.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2010, all members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

**Note 12- Postemployment Benefits**

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

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The 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](http://www.ohsers.org) under *Employers/Audit Resources*.

Funding Policy - The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2011, the health care allocation was 1.43%, at June 30, 2010 and 2009; the health care allocation was .46% and 4.16%, respectively. The District's contributions for the years ended June 30, 2011, 2010 and 2009 were \$62,425, \$20,993 and \$183,554, respectively; 83% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

**RAVENNA SCHOOL DISTRICT**  
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*For the Fiscal Year Ended June 30, 2011*

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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% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76% of covered payroll and for fiscal years 2010 and 2009, respectively. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$33,177, \$34,684, and \$33,093, respectively; 38% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

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

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 % of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$135,820, \$135,598, and \$131,376, respectively; 83% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

**Note 13– Other Employee Benefits**

***A. Life Insurance***

The School District provides life insurance to its employees through the Stark County School Council of Government Health Benefits Programs.

***B. Compensated Absences***

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

Teachers, Administrators, and Classified employees earn sick leave at a rate of one and one-quarter days per month which may be accumulated up to a maximum of 280 days for classified employees and no limit for certified employees. Upon retirement, payment is made for one-fourth of accrued with a maximum of 57 days for classified employees and 85 days for certified employees.

**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2011

**C. Personal and Sick Leave Incentive**

Attendance incentives shall be provided to those who achieve at least a 96% attendance level during time periods set forth in the negotiated agreements for classified and certified employees.

**Note 14- Long - Term Obligations**

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

	Outstanding June 30, 2010	Additions	Reductions	Outstanding June 30, 2011	Amount Due In One Year
<b>Governmental Activities:</b>					
General Obligation Bonds:					
Energy Conservation	\$ 285,000	\$ 0	\$ 25,000	\$ 260,000	\$ 25,000
School Improvement Bonds-2006	13,480,000	0	0	13,480,000	0
School Improvement Bonds-2007	1,440,000	0	50,000	1,390,000	55,000
Capital Appreciation Bonds-2006	260,086	0	113,219	146,867	101,729
Capital Appreciation Bonds-2007	50,425	0	0	50,425	0
Accretion Capital Appreciation Bonds-2006	327,181	147,910	206,781	268,310	185,837
Accretion Capital Appreciation Bonds-2007	26,842	12,799	0	39,641	0
Premium on Debt Issuance-2006	617,986	0	25,749	592,237	0
<b>Total General Obligation Bonds</b>	<u>16,487,520</u>	<u>160,709</u>	<u>420,749</u>	<u>16,227,480</u>	<u>367,566</u>
Capital Lease:					
Capital Lease Obligation	3,018,662	0	244,649	2,774,013	252,859
Compensated Absences Payable	2,253,568	13,699	150,149	2,117,118	121,235
<b>Total Long Term Liabilities</b>	<u>\$ 21,759,750</u>	<u>\$ 174,408</u>	<u>\$ 815,547</u>	<u>\$ 21,118,611</u>	<u>\$ 741,660</u>

Energy Conservation Bonds – On November 1, 2003, the School District issued \$425,000 in general obligation bonds for the purpose of providing energy conservation measures for the School District, under authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The bonds were issued for a fifteen year period with final maturity during fiscal year 2018. The bonds will be retired from the debt service fund.

School Improvement Bonds - On June 21, 2006, the School District issued \$14,499,559 in general obligation bonds for improvements to the schools. The bonds mature in January 2034. These bonds were issued with a premium of \$720,982, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. \$25,749 was amortized during the fiscal year.

The bond issue consists of serial and capital appreciation bonds. These bonds are not subject to early redemption.

The capital appreciation bonds mature January 15, 2010 through 2013. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as principal liability. The maturity amount of the bonds is \$1,240,000. For fiscal year 2011, there was \$147,910 in accretion.

**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

On April 4, 2007, the School District issued \$1,615,425 in general obligation bonds for improvements to the schools. The bonds mature in January 2032. These bonds were issued with a premium of \$74,335, which is reported as an increase to bonds payable.

The bond issue consists of serial and capital appreciation bonds. These bonds are not subject to early redemption.

The capital appreciation bonds mature January 15, 2014 through 2016. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as principal liability. The maturity amount of the bonds is \$165,000. For fiscal year 2011, there was \$12,799 in accretion.

Capital leases will be paid from the debt service fund. Compensated absences will be paid from the funds which the employee's salaries are paid, typically the general fund.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2011 are as follows:

Fiscal Year Ending June 30,	Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Accretion/ Interest
2012	\$ 80,000	\$ 681,982	\$ 101,729	\$ 258,271	\$ 181,729	\$ 940,253
2013	85,000	678,682	45,138	154,862	130,138	833,544
2014	445,000	675,282	19,442	35,558	464,442	710,840
2015	460,000	657,482	16,677	38,323	476,677	695,805
2016	480,000	638,982	14,306	40,694	494,306	679,676
2017-2021	2,970,000	2,856,412	0	0	2,970,000	2,856,412
2022-2026	3,310,000	2,168,476	0	0	3,310,000	2,168,476
2027-2031	4,480,000	1,315,920	0	0	4,480,000	1,315,920
2032-2034	2,820,000	252,378	0	0	2,820,000	252,378
	<u>\$ 15,130,000</u>	<u>\$ 9,925,596</u>	<u>\$ 197,292</u>	<u>\$ 527,708</u>	<u>\$ 15,327,292</u>	<u>\$ 10,453,304</u>

**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

**Note 15– Capitalized Leases**

The School District has entered into capitalized leases for a stadium and buses. These leases meet the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee. The stadium has been capitalized in the amount of \$5,640,462 and the buses for \$293,200. This amount represents the present value of the minimum lease payments at the time of the acquisition. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2011.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 252,859	\$ 77,382	\$ 330,241
2013	261,154	69,334	330,488
2014	207,000	61,010	268,010
2015	214,000	54,875	268,875
2016	220,000	48,540	268,540
2017-2021	1,215,000	140,160	1,355,160
2022-2026	404,000	5,922	409,922
	<u>\$ 2,774,013</u>	<u>\$ 457,223</u>	<u>\$ 3,231,236</u>

**Note 16- Interfund Transfers**

The following is a summarized breakdown of the School District’s transfers for fiscal year 2011:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 0	\$ 275,000
Nonmajor Governmental Funds	275,000	0
	<u>\$ 275,000</u>	<u>\$ 275,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

General fund transferred \$275,000 to the bond retirement fund to assist with payment of the stadium lease.

**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 17 - Jointly Governed Organizations**

The Stark Portage Area Computer Consortium (SPARCC) is a jointly governed organization comprised of 28 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 SPARCC based upon a per pupil charge dependent upon the software package utilized. The SPARCC assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. SPARCC is governed by a board of directors chosen from the general membership of the SPARCC assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county in which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Stark County Education Services Center, which serves as fiscal agent, located at 2100 38th Street, NW, Canton, Ohio 44709. During the year ended June 30, 2011, the School District paid \$90,366 to SPARCC for basic service charges.

Maplewood Area Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of two representatives from each of the ten participating school districts' elected boards, which possesses its own budgeting and taxing authority. The jointly governed organization was formed for the purpose of providing vocational instruction to juniors and seniors in the participating districts. To obtain financial information, write to the Treasurer, Maplewood Area Joint Vocational School, at 7075 State Route 88, Ravenna, Ohio 44266-9131.

**Note 18– Related Organization**

The Reed Memorial Public Library is a distinct political subdivision of the State of Ohio created under chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Ravenna School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax and the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Reed Memorial Public Library, Janice Kent, Clerk/Treasurer, at 167 East Main Street, Ravenna, Ohio 44266.

**Note 19 - Contingencies**

**A. Grants**

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



**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2011

**B. Litigation**

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

**Note 20 - Set-Asides**

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

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

	Capital Improvement Reserve	Textbook/ Instructional Materials Reserve	Budget Stabilization
Set-Aside Restricted Balance, June 30, 2010	\$ 0	\$ (171,056)	\$ 180,940
Current Year Set-Aside Requirement	424,057	424,057	0
Contributions in Excess of the Current Fiscal Year Set-Aside Requirement	0	0	0
Current Year Qualifying Expenditures	(524,832)	(336,435)	0
Excess Qualified Expenditures From Prior Years	0	0	0
Current Year Offset	0	0	0
Waiver Granted by the Department of Education	0	0	0
Prior Year Offset From Bond Proceeds	0	0	0
Total	<u>\$ (100,775)</u>	<u>\$ (83,434)</u>	<u>\$ 180,940</u>
Balance Carried Forward to Fiscal Year 2012	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 180,940</u>
Set-Aside Restricted Balance June 30, 2011	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 180,940</u>

The School District had qualifying disbursements during the year that reduced the textbook reserve set-asides below zero. Effective July 1, 2011, textbook set-aside laws have been repealed. The negative balance, is therefore, not being presented as being carried forward to the future fiscal year. Although the School District had qualifying disbursements 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 of future years. Amounts remaining at the fiscal year-end are represented by a restricted fund balance presented on the balance sheet.

**Note 21 – Operating Lease**

On June 1, 2008 the School District (Lessee) entered into a 30-year lease agreement with the Family and Community Services of Portage County, Inc (Lessor) to lease a building to be used as the School District's bus garage. The rent for the premises is \$375 per month for the 30-year term. The Lease required the School District to pay the Lessor the rent for the full term in one payment (\$135,000) by the commencement of the term (June 1, 2008). If the Lessee completes the 30-year term, the Lessor shall refund the Lessee \$75,000 within 14 days of May 31, 2038, the end of the term.

**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

If Lessee pays the rent and other charges, keeps and performs all material terms, covenants, and provisions of the Lease, the then Lessee shall have the right to extend the term of the Lease beyond the 30-year initial term by providing the Lessor with written notice of renewal within six months before expiration of the term.

**Note 22 – Fund Balance**

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the 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 funds are presented as follows:

	General	Funds	Total
Restricted for:			
Budget Stabilization	\$ 180,940	\$ 0	\$ 180,940
Debt Service	0	98,577	98,577
Capital Outlay	0	2,661,479	2,661,479
Other Purposes:			
Special Enterprise	0	74,073	74,073
IDEA - Special Education	0	75,543	75,543
Title I - Disadvantaged Children	0	117,500	117,500
Other Funds	0	93,045	93,045
Total Restricted	180,940	3,120,217	3,301,157
Assigned for:			
Encumbrances	82,035	0	82,035
Public School Support	72,955	0	72,955
Total Assigned	154,990	0	154,990
Unassigned	1,252,475	(54,195)	1,198,280
Total Fund Balance (Deficit)	\$ 1,588,405	\$ 3,066,022	\$ 4,654,427

**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

**Note 23 – Restatement of Fund Balances and Net Assets**

**A. Cash Basis Fund Balances**

Fund balances have been restated at July 1, 2010, to account for the reclassification of funds due to implementation of GASB 54 and correction for cash balance. The adjustments had the following effect on cash basis fund balances as previously reported:

	General Fund
Beginning fund balances, June 30, 2010	\$ 3,111,089
Adjustments:	
Cash balance adjustment	(54,078)
Fund reclassification	(1,470)
Beginning fund balances, July 1, 2010	\$ 3,055,541

**B. Modified Accrual Fund Balances**

Fund balances have been restated at July 1, 2010, to account for the reclassification of funds due to implementation of GASB 54; building and classroom facilities funds reclassified as nonmajors fund in 2011. The adjustments had the following effect on governmental modified fund balances as previously reported:

	General Fund	Building Fund	Classroom Facilities Fund	Other Governmental Funds
Beginning fund balances, June 30, 2010	\$ 1,287,409	\$ 2,613,954	\$ 645,198	\$ 2,075,829
Adjustments:				
Reclass from non major to major	0	(2,613,954)	(645,198)	3,259,152
Fund reclassifications	75,335	0	0	(643,672)
Beginning fund balances, July 1, 2010	\$ 1,362,744	\$ 0	\$ 0	\$ 4,691,309

**C. Net Assets**

Net assets have been restated at July 1, 2010, to account for the reclassification of governmental activities to activities reported in fiduciary funds. The adjustments had the following effect on net assets as previously reported:

	Governmental Activities	Private Purpose Trust
Net assets, June 30, 2010	\$ 20,949,120	\$ 704,249
Adjustments:		
Activity reclassifications	(568,337)	568,337
Beginning net assets, July 1, 2010	\$ 20,380,783	\$ 1,272,586

**RAVENNA SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 24 – Noncompliance**

Contrary to ORC Section 5705.39, the District had funds that had appropriations greater than estimated resources.

Contrary to ORC Section 5705.41(B), the District had funds in which expenditures exceeded appropriation authority.

Contrary to ORC Section 5705.36, the District had funds where appropriations were greater than the unencumbered balance plus actual receipts indicating a new certificate should have been obtained.

Contrary to ORC Section 5705.41(D), the District had expenditures prior to being certified available for expenditure.

**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

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

Board of Education  
Ravenna School District  
Ravenna, Ohio 44266

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ravenna School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Ravenna School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting as Finding 2011-01. 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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Ravenna School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Ravenna School District in a separate letter dated December 15, 2011.

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

This report is intended for the information of the District's Board of Education, management, Auditor of State, federal award agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
December 15, 2011

**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

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

Board of Education  
Ravenna School District  
Ravenna, Ohio 44266

**Compliance**

We have audited the compliance of Ravenna School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Ravenna School District's major federal program for the year ended June 30, 2011. Ravenna School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Ravenna School District management. Our responsibility is to express an opinion on Ravenna School District's compliance based on our audit.

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

In our opinion, the Ravenna School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

**Internal Control Over Compliance**

Management of Ravenna School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs.. In planning and performing our audit, we considered Ravenna School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to tests and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of Ravenna School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ravenna 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, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended for the information of the Board of Education, management, the Auditor of State, federal award agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

***Wolfe, Wilson, & Phillips, Inc.***

Zanesville, Ohio

December 15, 2011



**RAVENNA SCHOOL DISTRICT  
PORTAGE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION 505**

**1. Summary of Auditor's Results**

(d)(1)(I)	Type of Financial Statement Opinion	Unqualified
(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 deficiencies In internal control reported at the financial statement level (GAGAS)?	YES
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	NO
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	NO
(d)(1)(iv)	Were there any other significant deficiencies In internal control reported for major federal programs?	NO
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section. 510?	NO
(d)(1)(vii)	Major Programs:	Title I Cluster: CFDA #84.010, 84.389 State Fiscal Stabilization; CFDA #84.394 Title II-D Cluster: CFDA #84.318, #84.386 Education Job Fund: CFDA #84.410
(d)(1)(viii)	Dollar Threshold: Type A\B Programs:	Type A: >\$300,000; Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	NO

**RAVENNA SCHOOL DISTRICT  
PORTAGE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION 505**

**2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS**

**FINDING 2011-01**

**Significant Deficiency**

The District had to make various entries to reclassify net assets due to cash corrections and to reclassify fiduciary fund activity to governmental activities. We recommend that internal controls be placed into service so that cash transactions are recorded in the correct funds and to properly classify transactions to the appropriate fund type.

**Client Response:** We did not receive a response from the client.

**3. Findings and Questioned Costs for Federal Awards**

NONE

**RAVENNA SCHOOL DISTRICT  
PORTAGE COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE:</u></b>				
Pass through Ohio Department of Education				
Nutrition Cluster				
National School Breakfast Program	n/a	10.553	142,956	-
National School Lunch Program	n/a	10.555	622,166	60,541
Total Nutrition Cluster			765,122	60,541
Child and Adult Care Food Program	n/a	10.558	20,454	-
School Fruit and Vegetable Program	n/a	10.582	2,043	-
<b>Total U.S. Department of Agriculture</b>			<b>787,619</b>	<b>60,541</b>
<b><u>U.S. DEPARTMENT OF EDUCATION:</u></b>				
Pass through Ohio Department of Education				
<b>Title I Cluster:</b>				
Title I Educationally Deprived Children	044685C1S111	84.010	576,202	-
	044685C1S111		94,162	-
			670,364	-
Title I Educationally Deprived Children ARRA	044685C1S111A	84.389	210,471	-
	044685C1S110A		25,811	-
			236,282	-
<b>Total Title I Cluster</b>			<b>906,646</b>	-
<b>Special Education Cluster:</b>				
Title VI-B Special Education Assistance	044685BSF11	84.027	611,465	-
	044685BSF11		32,786	-
Special Education Preschool Grants	044685BSFPS11	84.173	14,036	-
	044685BSFPS10		2,152	-
			660,439	-
Title VI-B ARRA	044685BSF11A	84.391	71,744	-
Title VI-B ARRA	044685BSF101A		(3,973)	-
Special Education Preschool Grant-ARRA	044685BSFPS11A	84.392	15,885	-
			83,656	-
<b>Total Special Education Cluster</b>			<b>744,095</b>	-
Drug Free School Program	044685DRS11	84.186	2,921	-
	044685DRS11		670	-
			3,591	-
Improving Teacher Quality State Grant	044685TRS111	84.367	158,411	-
	044685TRS110		27,476	-
			185,887	-
State Fiscal Stabilization	044685SFS11	84.394	1,002,186	-
			1,002,186	-
<b>Title II-D Cluster</b>				
Educational Technology State Grants	044685TJS111	84.318	1,933	-
Educational Technology State Grants-ARRA	044685TJS111A	84.386	311,547	-
Educational Technology State Grants-ARRA	044685TJS110A		19,205	-
<b>Total Title II-D Cluster</b>			<b>332,685</b>	-
Education Jobs Fund	044685FY11	84.410	647,586	-
			647,586	-
Education for Homeless Children and Youth-ARRA	044685FY11	84.387	22,618	-
			22,618	-
<b>Total U.S. Department of Education</b>			<b>3,845,294</b>	-
<b>Total Federal Awards Expenditures</b>			<b>4,632,913</b>	<b>60,541</b>

See notes to Schedule of Federal Awards Expenditures.

**RAVENNA SCHOOL DISTRICT  
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTES A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTES B – CHILD NUTRITION CLUSTER**

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

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

**NOTE C – MATCHING REQUIREMENTS**

Certain Federal programs require the District contribute non-Federal funds (matching funds) to support the federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON APPLYING AGREED-UPON  
PROCEDURES**

Board of Education  
Ravenna School District  
Ravenna, Ohio 44266

To The Board of Education

Ohio Revised 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 were agreed to by the Board, solely to assist the Board in evaluating whether Ravenna School District has adopted its anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agree-upon procedures 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 March 2, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

Ohio Revised Code Section 3313.666 required the board to amend its definition by September 28, 2010.

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 attention and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

*Wolfe, Wilson, & Phillips, Inc.*  
Zanesville, Ohio  
December 15, 2011

**RAVENNA SCHOOL DISTRICT  
PORTAGE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2011**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2010-01	School Lunch Program Individuals were given benefits that were not in accordance with the eligibility requirements	Yes	Finding No Longer Valid



# Dave Yost • Auditor of State

**RAVENNA CITY SCHOOL DISTRICT**

**PORTAGE 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  
FEBRUARY 16, 2012**