

# **Ravenna City School District**

*Basic Financial Statements*

*For Fiscal Year Ended June 30, 2009*





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Ravenna City School District, Portage County, prepared by Rea & Associates, Inc., for the audit period July 1, 2008 through June 30, 2009. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 15, 2010

**This Page is Intentionally Left Blank.**

**RAVENNA CITY SCHOOL DISTRICT  
 BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2009  
 TABLE OF CONTENTS**

	<b>Page</b>
Independent Auditor’s Report .....	1
Management’s Discussion and Analysis .....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	10
Statement of Activities .....	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	12
Reconciliation of Total Governmental Fund Balances to Net Assets Governmental Activities .....	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	14
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund .....	16
Statement of Fiduciary Assets and Liabilities – Agency Funds .....	17
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....	18
Notes to the Basic Financial Statements .....	19
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	45
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	47
Schedule of Expenditures of Federal Awards – Cash Basis .....	49
Schedule of Findings and Questioned Costs .....	51
Schedule of Prior Year Audit Findings .....	54
Independent Accountant’s Report on Applying Agreed Upon Procedures .....	55





# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 9, 2009

The Board of Education  
Ravenna City School District (Portage County, Ohio)  
Ravenna, Ohio 44266

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ravenna City School District, Portage County, (the School District), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 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 School District, as of June 30, 2009, and the respective changes in financial position, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2009 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Hea & Associates, Inc.*



**Ravenna City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*

---

The discussion and analysis of the Ravenna City 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, 2009. 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 2009 are as follows:

- ❑ General Revenues accounted for \$28.6 million in revenue or 83% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions and capital grants accounted for \$6.0 million or 17% of total revenues of \$34.6 million.
- ❑ Total program expenses were \$32.6 million in Governmental Activities.
- ❑ In total, net assets of Governmental Activities increased \$2.0 million.
- ❑ Outstanding Long-Term Debt and Capital Leases decreased from \$20.5 million to \$20.0 million.
- ❑ Capital Assets increased from \$8.7 million to \$20.4 million, due to an increase in construction in progress for the new high school.

***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 2009?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* excluding fiduciary funds using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**Ravenna City School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2009

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

*Fund Financial Statements*

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental funds are the general fund, the classroom facilities capital project fund and the building capital project 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 2009 compared to 2008:

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

	Governmental Activities	
	2009	2008
<b>Assets</b>		
Current and Other Assets	\$ 37,003,200	\$ 47,702,061
Capital Assets	20,360,154	8,698,987
Total Assets	57,363,354	56,401,048
<b>Liabilities</b>		
Long-Term Liabilities	22,455,256	22,911,136
Other Liabilities	15,388,179	15,975,966
Total Liabilities	37,843,435	38,887,102
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	3,094,453	2,396,512
Restricted	17,802,570	16,679,058
Unrestricted (Deficit)	(1,377,104)	(1,561,624)
Total Net Assets	\$ 19,519,919	\$ 17,513,946

Total assets increased \$962,306. This was the net result of an increase in capital assets for the new high school project in process and a decrease in cash due to payment of services rendered for the new high school.

**Ravenna City School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2009

Total liabilities decreased \$1.0 million. A combination of increases and decreases contributed to this decrease. The most significant factors were an increase 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 \$.5 million through the repayment of principal.

Table 2 shows the changes in net assets for fiscal year 2009 and 2008.

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

	Governmental Activities	
	2009	2008
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,492,869	\$ 1,749,811
Operating Grants	2,963,273	3,179,105
Capital Grants	1,505,769	218,983
<i>General Revenue:</i>		
Property Taxes	12,549,489	12,246,894
Grants and Entitlements, not restricted to specific programs	15,541,287	15,192,016
Investment Earnings	154,433	1,384,577
Insurance Settlement	170,000	0
Miscellaneous	181,680	366,462
<i>Total Revenue</i>	<u>34,558,800</u>	<u>34,337,848</u>
 <i>Program Expenses</i>		
Instruction	18,391,706	18,459,753
Support Services:		
Pupil and Instructional Staff	2,255,329	2,414,145
Board of Education, Administration, Fiscal and Business	3,544,732	3,490,777
Operation and Maintenance	2,787,265	2,703,711
Pupil Transportation	1,216,674	1,640,368
Central	700,610	683,482
Operation and Non-Instructional	253,505	9,207
Extracurricular Activities	974,191	1,267,535
Food Service Operations	1,162,128	1,448,958
Interest and Fiscal Charges	1,266,687	976,432
<i>Total Expenses</i>	<u>32,552,827</u>	<u>33,094,368</u>
 <i>Change in Net Assets</i>	2,005,973	1,243,480
 Net Assets Beginning of Year	17,513,946	16,270,466
<i>Net Assets End of Year</i>	<u>\$ 19,519,919</u>	<u>\$ 17,513,946</u>

The majority of revenues supporting governmental activities are general revenues. General revenues totaled \$28.6 million or 83% 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 17% of total revenue.

Overall revenue increased \$220,952 or .6% over fiscal year 2008. The primary factor contributing to this increase was in collection of grants.

Program expenses decreased \$541,541 in 2009. This decrease can be attributed to cutbacks in all areas.

**Ravenna City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*

**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 \$34.6 million and expenses of \$32.6 million.

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

	2009		2008	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 18,391,706	\$ 14,620,148	\$ 18,459,753	\$ 15,601,996
Support Services:				
Pupil and Instructional Staff	2,255,329	1,837,652	2,414,145	2,151,457
Board of Education, Administration				
Fiscal and Business	3,544,732	3,497,845	3,490,777	3,434,947
Operation and Maintenance of Plant	2,787,265	2,770,532	2,703,711	2,689,019
Pupil Transportation and Central	1,917,284	1,890,314	2,323,850	2,296,880
Operation of Non-Instructional Services	253,505	18,559	9,207	(270,659)
Food Service Operations	1,162,128	35,812	1,448,958	347,716
Extracurricular Activities	974,191	653,367	1,267,535	718,681
Interest and Fiscal Charges	1,266,687	1,266,687	976,432	976,432
<b>Total</b>	<b>\$ 32,552,827</b>	<b>\$ 26,590,916</b>	<b>\$ 33,094,368</b>	<b>\$ 27,946,469</b>

Total cost of service for 2009 decreased 1.6% from 2008. Instruction and Student Support Services comprise 91.8% of governmental program expenses. Significant changes in Net Cost of Services occurred within the Pupil transportation program. The decrease can be attributed to a decrease in repairs due to the purchase of new buses and a decrease in Ohio School Foundation Commission revenue for school building construction offset to instruction in prior years.

The dependence upon tax revenues for governmental activities is apparent. Over 81.7% 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 City School District students.

**Ravenna City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*

***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 \$35.5 million and expenditures of \$44.3 million. The net change in fund balance for the year was most significant in the Classroom Facilities Project capital project fund, with a decrease of \$8.7 million from the new high school project commencing. The General Fund increased \$17,539; there were no individually significant events that caused this variance. The Building Fund capital project fund decreased \$316,500, there were no individually significant events that caused this variance.

***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 2009, 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 \$26.8 million, \$614,926 under the original budget estimates of \$27.5 million. The major reductions were in taxes and grants.

The School District revises its appropriations throughout the fiscal year. During fiscal year 2009, no significant fluctuations between original and final budget were noted. Final appropriations of \$27.6 million were \$185,000 lower than the \$27.8 million original budget and \$427,612 above actual fiscal year 2009 expenditures. There were no individually significant events that caused this variance.

***Capital Assets and Debt Administration***

**Capital Assets**

At the end of fiscal year 2009, the School District had \$20.4 million invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2009 balances compared with 2008 net of depreciation. See Note 9 for more information regarding the capital assets of the School District.

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

	Governmental Activities	
	2009	2008
Land	\$ 74,984	\$ 34,984
Construction in Process	13,504,251	2,486,391
Land Improvements	2,608,306	2,593,411
Buildings and Improvements	3,557,542	2,994,368
Furniture and Equipment	431,582	406,130
Vehicles	183,489	183,703
Totals	\$ 20,360,154	\$ 8,698,987

**Ravenna City School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2009

The increase in capital assets was attributable to the preliminary 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 21 for additional information.

**Long -Term Obligations**

At June 30, 2009, the School District had improvement bonds and energy conservation bonds outstanding of \$16,746,726, with \$362,590 due within one year, and a capital leases for a stadium and buses with an outstanding balance of \$3,255,185, with \$236,523 due within one year. During fiscal year 2009, \$638,764 of debt was 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 June 30**

	2009	2008
General Obligation Bonds:		
2003 Energy Conservation	\$ 310,000	\$ 335,000
2006 School Improvement Bond	13,480,000	13,785,000
2007 School Improvement Bond	1,490,000	1,535,000
Capital Appreciation Bonds-2006	419,559	419,559
Capital Appreciation Bonds-2007	50,425	50,425
Premium on Debt Issuance-2006	643,735	669,484
Accretion of Capital Appreciation Bonds 2006	337,146	184,920
Accretion of Capital Appreciation Bonds 2007	15,861	6,440
Total General Obligation Bonds	16,746,726	16,985,828
Capital Lease	3,255,185	3,493,200
Total Long Term Obligations	\$ 20,001,911	\$ 20,479,028

***Current Issues***

Construction of the School District's new high school is about 70 % complete. The estimated completion date is the first week of March, 2010. The building is fully enclosed so the weather should not be a threat to the completion schedule. The paving is underway, gym floors to be installed soon, kitchen equipment will be arriving soon, along with the auditorium seating. Technology bids will be opened soon, and orders dispatched. District is most excited about the installation of the geothermal process of providing the heating and cooling functions. That system is to pay for itself in a couple years and greatly reduce the operational costs of the building complex in the years beyond. The community should experience significant environmental positives as well.

The School District is in the middle of a three year labor agreement with all three of the labor associations. The third year of that pact has a wage re-opener.

**Ravenna City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*

---

***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 Jerry Meyer, Treasurer, Ravenna City School District, 507 East Main Street, Ravenna, Ohio 44266.

**Ravenna City School District**  
*Statement of Net Assets*  
June 30, 2009

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 4,240,313
Cash and Cash Investments in Segregated Accounts	19,400,000
Receivables:	
Accounts	7,112
Taxes	12,161,012
Notes (Net of Allowances)	151,374
Intergovernmental	550,360
Accrued Interest	117,068
Deferred Charges	375,961
Nondepreciable Capital Assets	13,579,235
Depreciable Capital Assets (Net)	6,780,919
<i>Total Assets</i>	57,363,354
<b>Liabilities</b>	
Accounts Payable	19,798
Contracts Payable	1,096,336
Accrued Wages and Benefits	2,549,633
Accrued Vacation Leave Payable	47,728
Matured Compensated Absences Payable	140,952
Accrued Interest Payable	311,147
Intergovernmental Payable	1,087,032
Deferred Revenue	10,135,553
Long Term Liabilities:	
Due Within One Year	720,667
Due In More Than One Year	21,734,589
<i>Total Liabilities</i>	37,843,435
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	3,094,453
Restricted for:	
Capital Projects	16,357,571
Other Purposes	705,513
Set Asides	180,940
Permanent Fund-Scholarships	
Expendable	469,480
Nonexpendable	89,066
Unrestricted	(1,377,104)
<i>Total Net Assets</i>	\$ 19,519,919

See accompanying notes to the basic financial statements.



**Ravenna City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2009

	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	\$ 11,849,348	\$ 33,071	\$ 623,050	\$ 1,505,769	\$ (9,687,458)
Special	4,687,832	57,193	1,122,573	0	(3,508,066)
Vocational	398,396	429,902	0	0	31,506
Student Intervention	24,217	0	0	0	(24,217)
Other	1,431,913	0	0	0	(1,431,913)
Support Services:					
Pupils	1,273,851	0	114,853	0	(1,158,998)
Instructional Staff	981,478	0	302,824	0	(678,654)
Board of Education	47,616	0	19,438	0	(28,178)
Administration	2,493,243	0	9,549	0	(2,483,694)
Fiscal	709,894	0	17,900	0	(691,994)
Business	293,979	0	0	0	(293,979)
Operation and Maintenance of Plant	2,787,265	16,733	0	0	(2,770,532)
Pupil Transportation	1,216,674	0	26,970	0	(1,189,704)
Central	700,610	0	0	0	(700,610)
Operation of Non-Instructional Services	253,505	234,946	0	0	(18,559)
Food Service Operations	1,162,128	461,235	665,081	0	(35,812)
Extracurricular Activities	974,191	259,789	61,035	0	(653,367)
Interest and Fiscal Charges	1,266,687	0	0	0	(1,266,687)
<i>Total Governmental Activities</i>	<u>\$ 32,552,827</u>	<u>\$ 1,492,869</u>	<u>\$ 2,963,273</u>	<u>\$ 1,505,769</u>	<u>(26,590,916)</u>
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes					11,196,507
Debt Service					1,033,870
Capital Outlay					319,112
Grants and Entitlements not					
Restricted to Specific Programs					15,541,287
Investment Earnings					154,433
Insurance Settlement					170,000
Miscellaneous					181,680
<i>Total General Revenues</i>					<u>28,596,889</u>
<i>Change in Net Assets</i>					2,005,973
<i>Net Assets Beginning of Year</i>					<u>17,513,946</u>
<i>Net Assets End of Year</i>					<u>\$ 19,519,919</u>

See accompanying notes to the basic financial statements.

**Ravenna City School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2009*

	<u>General</u>	<u>Building</u>	<u>Classroom Facilities Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 225,544	\$ 2,161,094	\$ 113,601	\$ 1,559,134	\$ 4,059,373
Cash and Investments in Segregated Accounts	2,600,000	1,275,000	15,525,000	0	19,400,000
Restricted Cash and Cash Equivalents	180,940	0	0	0	180,940
Receivables:					
Accounts	6,521	0	0	591	7,112
Taxes	10,636,169	0	0	1,524,843	12,161,012
Notes (Net of Allowances)	0	0	0	151,374	151,374
Interfund	20,000	0	0	0	20,000
Intergovernmental	64,819	0	455,611	29,930	550,360
Accrued Interest	16,230	7,554	93,284	0	117,068
<i>Total Assets</i>	<u>\$ 13,750,223</u>	<u>\$ 3,443,648</u>	<u>\$ 16,187,496</u>	<u>\$ 3,265,872</u>	<u>\$ 36,647,239</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 13,309	\$ 0	\$ 0	\$ 6,489	\$ 19,798
Contracts Payable	0	0	1,056,708	39,628	1,096,336
Accrued Wages and Benefits	2,447,087	0	0	102,546	2,549,633
Interfund Payable	0	0	0	20,000	20,000
Matured Compensated Absences Payable	140,952	0	0	0	140,952
Intergovernmental Payable	1,011,408	0	0	75,624	1,087,032
Deferred Revenue	9,828,976	0	390,000	1,403,225	11,622,201
<i>Total Liabilities</i>	<u>13,441,732</u>	<u>0</u>	<u>1,446,708</u>	<u>1,647,512</u>	<u>16,535,952</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	19,269	77,985	14,630,701	166,838	14,894,793
Reserved for Tax Revenue Unavailable for Appropriation	872,012	0	0	123,672	995,684
Reserved for Budget Stabilization	180,940	0	0	0	180,940
Unreserved, Undesignated, Reported in:					
General Fund	(763,730)	0	0	0	(763,730)
Special Revenue Funds	0	0	0	675,778	675,778
Capital Projects Funds	0	3,365,663	110,087	67,713	3,543,463
Debt Service Fund	0	0	0	25,813	25,813
Permanent Fund	0	0	0	558,546	558,546
<i>Total Fund Balances</i>	<u>308,491</u>	<u>3,443,648</u>	<u>14,740,788</u>	<u>1,618,360</u>	<u>20,111,287</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 13,750,223</u>	<u>\$ 3,443,648</u>	<u>\$ 16,187,496</u>	<u>\$ 3,265,872</u>	<u>\$ 36,647,239</u>

See accompanying notes to the basic financial statements.

**Ravenna City School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets Governmental Activities  
 June 30, 2009*

Total Governmental Fund Balances	\$	20,111,287
 <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.		20,360,154
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Grants	\$ 392,054	
Excess Cost Tuition	64,819	
Delinquent Property Taxes	1,029,775	1,486,648
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	(15,280,000)	
Capital Appreciation Bonds	(469,984)	
Accretion on Bonds	(353,007)	
Premium on Debt Issuance	(643,735)	
Capital Lease Obligation	(3,255,185)	(20,001,911)
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	375,961	
Interest Payable	(311,147)	
Compensated Absences	(2,453,345)	
Accrued Vacation Payable	(47,728)	(2,436,259)
 <i>Net Assets of Governmental Activities</i>	 \$	 <u><u>19,519,919</u></u>

See accompanying notes to the basic financial statements.

**Ravenna City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2009*

	<u>General</u>	<u>Building</u>	<u>Classroom Facilities Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Taxes	\$ 10,774,422	\$ 0	\$ 0	\$ 1,443,716	\$ 12,218,138
Intergovernmental	15,580,920	0	1,891,312	2,999,011	20,471,243
Investment Income	154,433	85,400	578,731	13,605	832,169
Tuition and Fees	645,649	0	0	247,755	893,404
Extracurricular Activities	0	0	0	199,907	199,907
Charges for Services	22,693	0	0	401,168	423,861
Rentals	15,938	0	0	2,405	18,343
Gifts and Donations	100	0	0	49,823	49,923
Miscellaneous	174,716	0	0	8,489	183,205
<i>Total Revenues</i>	<u>27,368,871</u>	<u>85,400</u>	<u>2,470,043</u>	<u>5,365,879</u>	<u>35,290,193</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	11,234,711	0	0	533,025	11,767,736
Special	3,546,774	0	0	1,106,211	4,652,985
Vocational	390,364	0	0	0	390,364
Student Intervention	24,217	0	0	0	24,217
Other	1,431,913	0	0	0	1,431,913
Support Services:					
Pupils	1,163,508	0	0	115,013	1,278,521
Instructional Staff	698,806	0	0	286,411	985,217
Board of Education	47,480	0	0	0	47,480
Administration	2,456,007	0	8,278	42,544	2,506,829
Fiscal	653,035	0	0	53,944	706,979
Business	290,305	0	0	0	290,305
Operation and Maintenance of Plant	2,699,125	0	0	15,001	2,714,126
Pupil Transportation	1,216,431	0	0	1,013	1,217,444
Central	655,502	0	0	38,958	694,460
Operation of Non-Instructional Services	0	0	0	252,773	252,773
Food Service Operations	59,519	0	0	1,096,707	1,156,226
Extracurricular Activities	518,720	0	0	239,202	757,922
Capital Outlay	64,915	401,900	11,176,774	412,500	12,056,089
Debt Service:					
Principal Retirement	0	0	0	613,015	613,015
Interest and Fiscal Charges	0	0	0	804,604	804,604
<i>Total Expenditures</i>	<u>27,151,332</u>	<u>401,900</u>	<u>11,185,052</u>	<u>5,610,921</u>	<u>44,349,205</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	217,539	(316,500)	(8,715,009)	(245,042)	(9,059,012)
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	200,000	200,000
Insurance Settlement	0	0	0	170,000	170,000
Transfers Out	(200,000)	0	0	0	(200,000)
<i>Total Financing Sources and (Uses)</i>	<u>(200,000)</u>	<u>0</u>	<u>0</u>	<u>370,000</u>	<u>170,000</u>
<i>Net Change in Fund Balance</i>	17,539	(316,500)	(8,715,009)	124,958	(8,889,012)
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>290,952</u>	<u>3,760,148</u>	<u>23,455,797</u>	<u>1,493,402</u>	<u>29,000,299</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 308,491</u>	<u>\$ 3,443,648</u>	<u>\$ 14,740,788</u>	<u>\$ 1,618,360</u>	<u>\$ 20,111,287</u>

See accompanying notes to the basic financial statements.

**Ravenna City 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, 2009*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	(8,889,012)
 <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	\$ 12,175,620	
Current Year Depreciation	(513,183)	11,662,437
 Net effect of transactions involving disposals of capital assets are not reflected in the funds.		
		(1,270)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Grants	(1,147,565)	
Excess Cost Tuition	(85,181)	
Delinquent Property Taxes	331,353	(901,393)
 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	375,000	
Capital Lease	238,015	613,015
 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	(21,237)	
Accrued Vacation Payable	5,516	(15,721)
 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	(311,147)	
Bond Premium Amortization	25,749	
Accretion on Bonds	(161,647)	
Deferred Charges- Amortization	(15,038)	(462,083)
 <b>Change in Net Assets of Governmental Activities</b>	 \$	 <u>2,005,973</u>

See accompanying notes to the basic financial statements.

**Ravenna City 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, 2009*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 10,554,055	\$ 10,345,000	\$ 10,347,391	\$ 2,391
Intergovernmental	15,836,000	15,407,100	15,486,388	79,288
Investment Income	130,000	135,000	139,822	4,822
Tuition and Fees	755,000	755,000	709,304	(45,696)
Charges for Services	0	20,000	22,693	2,693
Rent	13,500	13,500	16,633	3,133
Miscellaneous	170,800	120,800	116,113	(4,687)
<i>Total Revenues</i>	<u>27,459,355</u>	<u>26,796,400</u>	<u>26,838,344</u>	<u>41,944</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	17,464,361	17,050,980	16,629,204	421,776
Support Services:				
Pupils	1,264,770	1,180,393	1,184,221	(3,828)
Instructional Staff	687,810	710,727	694,196	16,531
Board of Education	48,625	45,625	48,463	(2,838)
Administration	2,475,320	2,503,336	2,476,357	26,979
Fiscal	658,275	672,550	652,241	20,309
Business	173,950	275,050	291,902	(16,852)
Operation and Maintenance of Plant	2,556,915	2,699,265	2,709,839	(10,574)
Pupil Transportation	1,199,130	1,176,130	1,221,288	(45,158)
Central	668,151	671,051	658,812	12,239
Extracurricular Activities	515,830	522,830	516,087	6,743
Capital Outlay	47,000	67,200	64,915	2,285
<i>Total Expenditures</i>	<u>27,760,137</u>	<u>27,575,137</u>	<u>27,147,525</u>	<u>427,612</u>
Excess of Revenues Over (Under) Expenditures	(300,782)	(778,737)	(309,181)	469,556
<b>Other Financing Sources (Uses):</b>				
Refund of Prior Year Expenditures	35,000	35,000	41,085	6,085
Advance In	5,646	5,646	5,646	0
Advance Out	(50,000)	(20,000)	(20,000)	0
Transfers Out	(250,000)	(200,000)	(200,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(259,354)</u>	<u>(179,354)</u>	<u>(173,269)</u>	<u>6,085</u>
<i>Net Change in Fund Balance</i>	(560,136)	(958,091)	(482,450)	475,641
<i>Fund Balance (Deficit) at Beginning of Year</i>	3,481,418	3,481,418	3,481,418	0
Prior Year Encumbrances Appropriated	28,471	28,471	28,471	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 2,949,753</u>	<u>\$ 2,551,798</u>	<u>\$ 3,027,439</u>	<u>\$ 475,641</u>

See accompanying notes to the basic financial statements.

**Ravenna City School District**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*June 30, 2009*

	Private Purpose Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$ 359,239	\$ 67,333
Notes Receivable (Net of Allowance)	334,330	0
<i>Total Assets</i>	693,569	67,333
<b>Liabilities</b>		
Undistributed Monies	0	\$ 11,713
Due to Students	0	55,620
<i>Total Liabilities</i>	0	\$ 67,333
<b>Net Assets</b>		
Held in Trust for Scholarships	693,569	
<i>Total Net Assets</i>	\$ 693,569	

See accompanying notes to the basic financial statements.

**Ravenna City School District**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Funds*  
*For the Fiscal Ended June 30, 2009*

---

---

	<u>Private Purpose Trust</u>
<b>Additions</b>	
Interest	<u>\$ 13,631</u>
<i>Total Additions</i>	<u>13,631</u>
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	<u>4,900</u>
<i>Total Deductions</i>	<u>4,900</u>
<i>Change in Net Assets</i>	8,731
<i>Net Assets Beginning of Year</i>	<u>684,838</u>
<i>Net Assets End of Year</i>	<u><u>\$ 693,569</u></u>

See accompanying notes to the basic financial statements.



## RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

---

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

The Ravenna City 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, 2008, was 3,082. The School District employs 215 certificated and 170 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, 18 and 19 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) in the United States of America 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 most significant of the School District's accounting policies are described below.

## RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

---

### ***Implementation of New Accounting Policies***

For the year ended June 30, 2009, the School District has implemented GASB Statement No. 52, “*Land and Other Real Estate Held as Investments by Endowments*”, GASB Statement No. 55, “*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*”, and GASB Statement No. 56, “*Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*”.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

Implementation of these GASB Statements 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.

## RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

---

**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.

### **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.

**Building** The building fund accounts for the receipts and expenditures related to the activity of the locally funded initiatives related to the new high school.

The funds were derived from a bond sale to facilitate a fixed seat auditorium in the new high school (not funded by the Ohio School Facilities Commission), an alternate gymnasium, and a lease agreement and renovation of a transportation facility for the district.

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

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

**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.

## RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

---

### **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.

### **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.

## RAVENNA CITY SCHOOL DISTRICT

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

---

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, 2009, but which were levied to finance fiscal year 2010 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.

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 investments" 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 2009, investments were limited to certificates of deposits, 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 2009 amounted to \$154,433, which includes \$136,579 assigned from other School District funds.

**RAVENNA CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

---

***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 21 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.

***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 \$2,500. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the 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.

**RAVENNA CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

---

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".

***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 Reserves***

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

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

**RAVENNA CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

---

***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 2009.

***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.

***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 2009.

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.



**RAVENNA CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

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

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

**Note 3 – Accountability**

Fund balance at June 30, 2009 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>Fund Balance</u>
Nonmajor Governmental Funds:	
Food Service	\$ 58,040
Uniform School Supplies	4,985
Other Grants	3,996
Public Preschool Grants	10,178

**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).
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).

**RAVENNA CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

---

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.

<b>Net Change in Fund Balance</b>	
	<u>General</u>
GAAP Basis	\$ 17,539
Net Adjustment for Revenue Accruals	(463,567)
Net Adjustment for Expenditure Accruals	(3,844)
Encumbrances (Budget Basis)	<u>(32,578)</u>
Budget Basis	<u>\$ (482,450)</u>

**Note 5 – Deposits and Investments**

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

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

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.

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;

## RAVENNA CITY SCHOOL DISTRICT

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

---

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.

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 \$20,525,515. The School District's bank balance of \$21,047,023 was exposed to custodial credit risk as follows:

1. \$750,000 of the bank balance was covered by federal depository insurance corporation (FDIC); and
2. \$20,297,023 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.

**RAVENNA CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

**Investments** Investments are reported at fair value. As of June 30, 2009, the School District had the following investments:

Rating by Standard and Poor's	Entity	Fair Value	Investment Maturity (in years)		
			0-1	1-5	
N/A	U. S. Treasury	\$ 369,405	\$ 79,957	\$ 289,448	10.43%
Aaa	Federal Home Loan Bank	2,734,723	2,630,385	104,338	77.21%
Aaa	Federal Home Loan Mtg Corp	275,000	0	275,000	7.77%
AAAm	Allegiant Gov't Money Market Fund	137,339	137,339	0	3.88%
A3	Key Corp-Common Stock and Options *	6,288	N/A	N/A	0.18%
AAAm	Victory Gradison Government Reserves Fund	18,615	18,615	0	0.53%
		<u>\$ 3,541,370</u>	<u>\$ 2,866,296</u>	<u>\$ 668,786</u>	<u>100.00%</u>

*\*Rated by Moody's Investors 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 twenty-five percent in either or a combined total of:

- 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.

**RAVENNA CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

---

**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 2009 represents collections of calendar year 2008 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 2009 represents collections of calendar year 2008 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 2009 (other than public utility property) represent the collection of calendar year 2009 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 2008 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 2009 were levied after October 1, 2008, on the value as of December 31, 2008. 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 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 will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the School District due to the phasing out of the tax. In calendar years 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.

**RAVENNA CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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 \$872,012 in the general fund, \$85,780 in the bond retirement debt service fund, and \$37,892 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:

	2008		2009	
	Second Half Collections		First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$336,459,317	97.03%	\$334,548,490	97.06%
Public Utility	9,134,330	2.63%	9,149,970	2.65%
Tangible Personal Property	1,164,660	0.34%	999,057	0.29%
Total	<u>\$346,758,307</u>	<u>100.00%</u>	<u>\$344,697,517</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$65.56		\$65.59	

**Note 7 - Receivables**

Receivables at June 30, 2009, consisted of taxes, accounts (tuition and excess costs), intergovernmental, interest, notes and interfund. 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.

**Note 8 – Notes Receivable**

The Wichterman trust fund (private purpose 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 (permanent trust 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.

**RAVENNA CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

At the close of fiscal year 2009, there were 57 students with a total principal loan balance outstanding of \$485,704. This amount is made up of notes receivable of \$334,330 and \$151,374 in the private purpose trust fund and the permanent fund, respectively.

**Note 9 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance 6/30/2008	Additions	Deletions	Balance 6/30/2009
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 34,984	\$ 40,000	\$ 0	\$ 74,984
Construction in Progress	2,486,391	11,017,860	0	13,504,251
	<u>2,521,375</u>	<u>11,057,860</u>	<u>0</u>	<u>13,579,235</u>
Total Capital Assets, not being depreciated:				
<i>Capital Assets, being depreciated:</i>				
Land Improvements	4,961,525	249,053	0	5,210,578
Buildings and Improvements	11,390,074	711,669	0	12,101,743
Furniture and Equipment	2,139,772	93,499	(212,300)	2,020,971
Vehicles	1,743,180	63,539	0	1,806,719
	<u>20,234,551</u>	<u>1,117,760</u>	<u>(212,300)</u>	<u>21,140,011</u>
Total Capital Assets, being depreciated				
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(2,368,114)	(234,158)	0	(2,602,272)
Buildings and Improvements	(8,395,706)	(148,495)	0	(8,544,201)
Furniture and Equipment	(1,733,642)	(66,777)	211,030	(1,589,389)
Vehicles	(1,559,477)	(63,753)	0	(1,623,230)
	<u>(14,056,939)</u>	<u>(513,183)</u>	<u>211,030</u>	<u>(14,359,092)</u>
Total Accumulated Depreciation				
Total Capital Assets being depreciated, net	<u>6,177,612</u>	<u>604,577</u>	<u>(1,270)</u>	<u>6,780,919</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,698,987</u>	<u>\$ 11,662,437</u>	<u>\$ (1,270)</u>	<u>\$ 20,360,154</u>

**RAVENNA CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

---

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 155,397
Special	1,495
Support Services:	
Pupil	2,707
Instructional Staff	1,743
Administration	7,129
Fiscal	550
Operation and Maintenance of Plant	20,760
Pupil Transportaion	70,281
Central	22,004
Operation of non instructional	139
Food Service Operations	1,802
Extracurricular Activities	<u>229,176</u>
Total Depreciation	<u>\$ 513,183</u>

**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 3 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.



## RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

---

### ***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 \$990.40 for family coverage and \$407.73 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 \$131.87 for family coverage and \$53.49 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 pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 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 - 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. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10% for plan members and 14% for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$401,084, \$396,590 and \$447,136, respectively; 38% has been contributed for fiscal year 2009 and 100% for the fiscal years 2008 and 2007.

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

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

## RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

---

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

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

Funding Policy - For the fiscal year ended June 30, 2009, 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 2008, 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. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$1,707,891, \$1,695,074 and \$1,670,549, respectively; 83% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$18,651 made by the School District and \$77,225 made by the plan members.

### ***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2009, all members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

**RAVENNA CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

---

**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 both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16% of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$183,554, \$180,977 and \$143,184, respectively; 38% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75% of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$33,093, \$28,575 and \$27,632, respectively; 38% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

***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.

## RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

---

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 2009, 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, 2009, 2008, and 2007 were \$131,376, \$130,390 and \$128,504, respectively; 83% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

### **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.

#### ***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.

**RAVENNA CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

**Note 14- Long - Term Obligations**

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

	<u>Outstanding 7/01/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 6/30/2009</u>	<u>Amounts Due in One Year</u>
<b>Governmental Activities:</b>					
General Obligation Bonds:					
Energy Conservation	\$ 335,000	\$ 0	\$ 25,000	\$ 310,000	\$ 25,000
School Improvement Bonds-2006	13,785,000	0	305,000	13,480,000	0
School Improvement Bonds-2007	1,535,000	0	45,000	1,490,000	50,000
Capital Appreciation Bonds-2006	419,559	0	0	419,559	159,473
Capital Appreciation Bonds-2007	50,425	0	0	50,425	0
Accretion Capital Appreciation Bonds-2006	184,920	152,226	0	337,146	128,117
Accretion Capital Appreciation Bonds-2007	6,440	9,421	0	15,861	0
Premium on Debt Issuance-2006	<u>669,484</u>	<u>0</u>	<u>25,749</u>	<u>643,735</u>	<u>0</u>
Total General Obligation Bonds	16,985,828	161,647	400,749	16,746,726	362,590
Capital Lease :					
Capital Lease Obligation	3,493,200	0	238,015	3,255,185	236,523
Compensated Absences	<u>2,432,108</u>	<u>153,001</u>	<u>131,764</u>	<u>2,453,345</u>	<u>121,554</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 22,911,136</u>	<u>\$ 314,648</u>	<u>\$ 770,528</u>	<u>\$ 22,455,256</u>	<u>\$ 720,667</u>

Energy Conservation Bonds – On March 1, 1994, the School District issued \$825,000 in unvoted 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 ten year period with final maturity during fiscal year 2005. On November 1, 2003, the School District issued another \$425,000 in general obligation bonds for energy conservation measures 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.

**RAVENNA CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

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 2009, there was \$152,226 in accretion.

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 2009, there was \$9,421 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, 2009 are as follows:

Fiscal Year Ending June 30,	Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Accretion/ Interest
2010	\$ 75,000	\$ 687,982	\$ 159,473	\$ 200,527	\$ 234,473	\$ 888,509
2011	75,000	684,982	113,219	206,781	188,219	891,763
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 - 2019	2,690,000	3,084,694	30,983	79,017	2,720,983	3,163,711
2020 - 2024	3,255,000	2,462,506	0	0	3,255,000	2,462,506
2025 - 2029	3,830,000	1,693,546	0	0	3,830,000	1,693,546
2030 - 2034	4,745,000	648,904	0	0	4,745,000	648,904
<b>Total</b>	<b>\$ 15,280,000</b>	<b>\$ 11,298,560</b>	<b>\$ 469,984</b>	<b>\$ 935,016</b>	<b>\$ 15,749,984</b>	<b>\$ 12,233,576</b>

**RAVENNA CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

**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 defined by Statement of Financial Accounting Standard No. 13 "Accounting for Leases". 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, 2009.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 236,523	\$ 92,678	\$ 329,201
2011	244,649	85,160	329,809
2012	252,859	77,382	330,241
2013	261,154	69,334	330,488
2014	207,000	61,010	268,010
2015 -2019	1,140,000	208,912	1,348,912
2020 - 2024	913,000	40,585	953,585
Total	<u>\$ 3,255,185</u>	<u>\$ 635,061</u>	<u>\$ 3,890,246</u>

**Note 16- Interfund Transfers**

Transfers made during fiscal year 2009 were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 0	\$ 200,000
Other Governmental Fund:		
Bond Retirement	200,000	0
	<u>\$ 200,000</u>	<u>\$ 200,000</u>

This transfer from the general fund to bond retirement fund was made to assist with payment of the stadium lease.

**Note 17– Interfund Balances**

Interfund balances at June 30, 2009 consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 20,000	\$ 0
Nonmajor Governmental Fund:		
Uniform School Supplies	0	10,000
Athletics	0	10,000
Total	<u>\$ 20,000</u>	<u>\$ 20,000</u>

## RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

---

Interfund receivables and payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2009, all interfund payables outstanding are anticipated to be repaid in fiscal year 2010.

### **Note 18 - 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, 2009, the School District paid \$121,473 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 19– 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.



**RAVENNA CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

**Note 20 - Contingencies**

**A. Grants**

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

**B. Litigation**

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

**Note 21 - 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 Stabilizaion	Totals
Set-Aside Cash Balance as of June 30, 2008	\$ 0	\$ 0	\$ 180,940	\$ 180,940
Set-Aside Carryover Balance as of June 30, 2008	0	(271,396)	0	(271,396)
Current Year Set-Aside Requirement	488,663	488,663	0	977,326
Qualifying Disbursements	(753,116)	(478,502)	0	(1,231,618)
Total	<u>\$ (264,453)</u>	<u>\$ (261,235)</u>	<u>\$ 180,940</u>	<u>(344,748)</u>
Balance Carried Forward to FY 2010	<u>\$ 0</u>	<u>\$ (261,235)</u>	<u>\$ 180,940</u>	<u>\$ 180,940</u>
Amount to Restrict for Set Asides				<u>\$ 180,940</u>

The School District had qualifying disbursements during the year that reduced the textbook reserve set-asides below zero. The extra amounts for the textbook and/or instructional materials may be used to reduce the set-aside requirement in future fiscal years. Amounts remaining at the fiscal year-end are represented by a reserve fund balance presented on the balance sheet.

**RAVENNA CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

---

**Note 22 - Contracts Commitments**

As of June 30, 2009, the School District had the following major contractual commitments outstanding:

<u>Projects</u>	<u>Contract Amount</u>	<u>Amount Paid as of June 30, 2009</u>	<u>Amount Remaining on Contract</u>
New High School	\$ 26,940,292	\$ 12,056,516	\$ 14,883,776
Transportation Facility	553,809	547,836	5,973

**Note 23 – 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.

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 24 – Legal Compliance**

Ohio Revised Code Section 5705.41(B), states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. The following fund had expenditures exceeding appropriations.

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Variance</u>
Classroom Facilities	\$ 25,987,092	\$ 13,608,897	\$ 12,378,195

Management has implemented procedures and better monitoring of appropriations to prevent further compliance exceptions.



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 9, 2009

To the Board of Education  
Ravenna City School District (Portage County)  
Ravenna, Ohio 44266

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ravenna City School District as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 City School District's internal control over financial reporting as a basis for designing our auditing 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 Ravenna City School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ravenna City School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

Ravenna City School District (Portage County)  
Internal Control & Compliance Report

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ravenna City 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2009-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to management of Ravenna City School District in a separate letter dated December 9, 2009.

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

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

*Rea & Associates, Inc.*



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 9, 2009

To the Board of Education  
Ravenna City School District (Portage County)  
Ravenna, Ohio 44266

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

### Compliance

We have audited the compliance of Ravenna City 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 are applicable to each major federal program for the year ended June 30, 2009. Ravenna City 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 its major federal programs are the responsibility of Ravenna City School District's management. Our responsibility is to express an opinion on Ravenna City 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 the 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 City 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 of Ravenna City School District's compliance with those requirements.

As described in item 2009-002 in the accompanying Schedule of Findings and Questioned Costs, Ravenna City School District did not comply with requirements regarding free and reduced price income eligibility guidelines that are applicable to its Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for Ravenna City School District to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Ravenna City School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

Ravenna City School District (Portage County)  
Report on OMB Circular A-133 Compliance & Internal Control

Internal Control Over Compliance

The management of Ravenna City 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 City School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Ravenna City School District's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Ravenna City School District's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Ravenna City School District's response and, accordingly, we express no opinion on it.

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

*Hea Associates, Inc.*

**RAVENNA CITY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Year	Cash Receipts	Non-Cash Receipts	Cash Disbursements	Non-Cash Disbursements
<b>U. S. Department of Education</b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I - 2009	84.010	2009	\$ 594,459	\$ 0	\$ 521,378	\$ 0
Title I - 2008	84.010	2008	63,316	0	119,388	0
Total Title I			657,775	0	640,766	0
Title II-A - Improving Teacher Quality - 2009	84.367	2009	165,240	0	151,910	0
Title II-A - Improving Teacher Quality - 2008	84.367	2008	12,976	0	25,685	0
Total Title II-A - Improving Teacher Quality			178,216	0	177,595	0
<i>Special Education Cluster:</i>						
IDEA Part B - 2009	84.027	2009	625,055	0	603,635	0
IDEA Part B - 2008	84.027	2008	0	0	41,744	0
Total IDEA Part B			625,055	0	645,379	0
Child Outcomes Support	84.173	2009	2,635	0	2,635	0
Early Childhood Special Education - 2009	84.173	2009	16,799	0	15,757	0
Early Childhood Special Education - 2008	84.173	2008	3,270	0	5,553	0
Total Early Childhood Special Education			20,069	0	21,310	0
Total Special Education Cluster			647,759	0	669,324	0
Safe and Drug-Free Schools - 2009	84.186	2009	10,138	0	8,577	0
Safe and Drug-Free Schools - 2008 {C}	84.186	2008	(434)	0	1,269	0
Total Safe and Drug-Free Schools			9,704	0	9,846	0
Title V - Innovative Education Program Strategie	84.298	2009	2,273	0	2,273	0
Technology Literacy Challenge Fund Grant	84.318	2009	4,893	0	4,148	0
<i>Total U.S. Department of Education</i>			1,500,620	0	1,503,952	0
<b>U. S. Department of Health and Human Services</b>						
<i>Passed Through Portage County Jobs and Family Services:</i>						
Early Learning Intitative	93.558	2008	117,355	0	106,600	0
Early Learning Intitative	93.558	2006	0	0	307	0
Total Early Learning Initiative			117,355	0	106,907	0
<i>Total U.S. Department of Health and Human Services</i>			117,355	0	106,907	0
<b>U. S. Department of Agriculture</b>						
<i>Passed Through the Ohio Department of Education:</i>						
<i>Child Nutrition Cluster:</i>						
School Breakfast Program (B)	10.553	2009	124,147	0	124,147	0
School Breakfast Program (B)	10.553	2008	0	0	0	0
Total School Breakfast Program			124,147	0	124,147	0
National School Lunch Program (Food Distributi	10.555	2009	0	59,031	0	59,031
National School Lunch Program (B)	10.555	2009	521,821	0	521,821	0
National School Lunch Program (B)	10.555	2008	0	0	0	0
Total National School Lunch Program			521,821	59,031	521,821	59,031
Total Child Nutrition Cluster			645,968	59,031	645,968	59,031
Child Care Food Program	10.558	2009	19,810	0	19,810	0
<i>Total U.S. Department of Agriculture</i>			665,778	59,031	665,778	59,031
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u>\$ 2,283,753</u>	<u>\$ 59,031</u>	<u>\$ 2,276,637</u>	<u>\$ 59,031</u>

**RAVENNA CITY SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

- (A) Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance and related expenditures are reported in this schedule at the value of the commodities received as assessed by the U.S. Department of Agriculture (entitlement value).
- (B) Federal money commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.
- (C) Carryover of cash into the next grant year.
- (D) The School District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with ODE's approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the School District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2009, the Ohio Department of Education (ODE) authorized the following transfers:

CFDA Number / Grant Title	Grant Year	Transfer In	Transfer Out
84.010 Title I	2009	\$ 653	
84.010 Title I	2008		\$ 653
84.186 Safe and Drug Free Schools	2009	1,420	
84.186 Safe and Drug Free Schools	2008		1,420



**RAVENNA CITY SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133, Section .505  
JUNE 30, 2009**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

(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 deficiency conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Were there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(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 reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Qualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list):	Child Nutrition Cluster CFDA #10.553 and #10.555  Special Education Cluster CFDA #84.027 and #84.173
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	No

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

**FINDING NUMBER 2009-001**

**Noncompliance Citation:**

**Ohio Revised Code Section 5705.41(B)** states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

During testing we noted that the Classroom Facilities Project fund had appropriations plus prior year encumbrances of (\$13,608,897) and expenditures plus current year encumbrances of (\$25,987,092).

**Management's Response:** Management concurs and will implement procedures to ensure that actual expenditures plus current year encumbrances do not exceed current year appropriations plus prior year encumbrances.

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

**FINDING NUMBER 2009-002**

**CFDA Title and Number: Child Nutrition Cluster – National School Lunch Program – CFDA #10.555**

**Federal Award Number/Year: 2009**

**Federal Agency: U.S Department of Agriculture**

**Pass-Through Agency: Ohio Department of Education**

**Noncompliance Citation:**

**7 C.F.R. sections 245.2(g), 245.3, and 245.6** provides eligibility guidelines each year for participation in the school lunch program. Eligibility requirements are based on the number of individuals in the household and the income of all individuals in the household. Parents/guardians can apply to receive free or reduced price lunch benefits at any time throughout the year. Only after the School District has obtained a signature, social security number, and the income of the parent/guardian, is the application process complete.

After the District has received a completed application, they are required to apply the income eligibility guidelines established by the United States Department of Agriculture to the application to determine the benefits that are to be provided to the child.

**Noncompliance Citation: (continued)**

We performed a test of applications to determine that the benefits provided were in accordance with the eligibility guidelines. Of the fourteen applications reviewed, we determined that three individuals were given benefits that were not in accordance with the eligibility requirements.

We recommend the School District comply with the eligibility requirements when providing benefits to students.

**Management's Response:** The School District will apply the eligibility guidelines established by the United States Department of Agriculture when providing free and reduced price lunch benefits to students.

**RAVENNA CITY SCHOOL DISTRICT  
 PORTAGE COUNTY, OHIO  
 SCHEDULE OF PRIOR AUDIT FINDINGS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**Not Corrected, Partially  
 Corrected, Significantly  
 Different Corrective Action Taken  
 or Finding No Longer Valid  
 (Explain)**

Finding Number	Finding Summary	Fully Corrected?	<i>(Explain)</i>
2008-01	Items Sold by Day Report was not retained by the Food Service Director, to verify daily receipt collections.	Yes	
2008-02	Individuals were given benefits that were not in accordance with the eligibilty requirements of the National School Lunch Program - CFDA #10.555.	No	Reissued as Finding 2009-002



**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Education  
507 East Main Street  
Ravenna, OH 44266

December 9, 2009

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on March 17, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that shall include the definition in division (A) of Ohio Rev. Code Section 3313.666;

- (3) A procedure for reporting prohibited incidents;
- (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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

*Rea & Associates, Inc.*



**Mary Taylor, CPA**  
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  
JANUARY 28, 2010**