



Dave Yost • Auditor of State



**ROOTSTOWN LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Rootstown Local School District  
Portage County  
4140 State Route 44  
Rootstown, Ohio 44272

To the Board of Education:

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

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

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

As describe in Note 3, during the year ended June 30, 2011, the District adopted the provisions of Governmental Accounting Standards Board Statement No 54, Fund Balance Reporting and Governmental Fund Type Definitions

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2011 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

December 23, 2011

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

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

***Financial Highlights***

Key Financial Highlights for 2011 are as follows:

- ❑ General Revenues accounted for \$9.6 million in revenue or 83% of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$2 million or 17% of total revenues of \$11.6 million.
- ❑ Total program expenses were \$11.4 million in Governmental Activities.
- ❑ In total, net assets of Governmental Activities increased \$545,072 from 2010.
- ❑ Outstanding short-term debt of a \$150,000 tax anticipation note was retired in 2011.

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

*Statement of Net Assets and the Statement of Activities*

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

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

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

Governmental Activities – All of the School District's programs and services are reported here, including instruction, support services, operation of non-instructional services, food service operation, uniform supplies and extracurricular activities.

The government-wide financial statements begin on page 10.

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

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

***Fund Financial Statements***

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and permanent improvement capital projects fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The governmental fund financial statements begin on page 12.

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

The fiduciary fund financial statements begin on page 17.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 19.



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

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***The School District as a Whole***

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

Table 1 provides a summary of the School District's net assets for 2011 compared to 2010:

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

	Governmental Activities	
	2011	2010
<b>Assets</b>		
Current and Other Assets	\$ 7,133,240	\$ 6,923,314
Capital Assets	2,468,187	2,549,980
Total Assets	9,601,427	9,473,294
<b>Liabilities</b>		
Long-Term Liabilities	431,910	850,414
Other Liabilities	5,807,481	5,805,916
Total Liabilities	6,239,391	6,656,330
<b>Net Assets</b>		
Invested in Capital	2,468,187	2,549,980
Restricted	961,071	780,843
Unrestricted (Deficit)	(67,222)	(513,859)
Total Net Assets	\$ 3,362,036	\$ 2,816,964

Total assets increased by \$128,133. The increase was primarily due to an increase of \$153,572 in equity in pooled cash and investments which was due to staff reductions and pay freezes. Total liabilities decreased \$416,939. The decrease was primarily due to a decrease in accrued wages and benefits of \$234,508 and retirement of \$150,000 in Tax Anticipation Notes. Deferred revenue reported an increase as a result of a decrease in the amount of property taxes available as an advance from the County. See Note 7 to the basic financial statements for more detail on the property taxes of the School District. Amounts available as an advance at year end are reported as revenue.

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

Table 2 shows the changes in net assets for fiscal year 2011 as compared to fiscal year 2010.

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

	Governmental Activities	
	2011	2010
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 824,164	\$ 808,314
Operating Grants	1,189,048	852,630
<i>General Revenue:</i>		
Property Taxes	4,285,790	5,280,308
Grants and Entitlements	5,141,658	5,425,641
Other	208,349	28,804
<b>Total Revenues</b>	<b>11,649,009</b>	<b>12,395,697</b>
<b>Program Expenses</b>		
Instruction	6,415,176	7,169,036
Support Services	3,965,808	3,794,349
Extracurricular Activities	363,978	290,244
Interest and Fiscal Charges	3,159	14,121
Food Services	347,664	357,507
Uniform School Supplies	8,152	18,497
<b>Total Expenses</b>	<b>11,103,937</b>	<b>11,643,754</b>
Increase (Decrease) in Net Assets	545,072	751,943
Net Assets Beginning of Year	2,816,964	2,065,021
Net Assets End of Year	<u>\$ 3,362,036</u>	<u>\$ 2,816,964</u>

Program expenses in governmental activities decreased \$539,817. This decrease was primarily from the decrease of regular instruction expense. Property tax revenues decreased \$994,518 as compared to 2010, which was a result of less real estate taxes being available as an advance at fiscal year end. These taxes available are recognized as revenues if available at June 30, 2011.

**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 nearly \$11.6 million and expenses of nearly \$11.4 million.

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

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

	2011		2010	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 6,415,176	\$ (5,010,413)	\$ 7,169,036	\$ (6,030,889)
Support Services:				
Pupil and Instructional Staff	895,802	(895,802)	931,335	(928,104)
Board of Education, Administration				
Fiscal and Business	1,406,334	(1,362,560)	1,198,549	(1,192,699)
Operation and Maintenance of Plant	987,963	(980,366)	970,467	(970,467)
Pupil Transportation and Central	675,709	(675,709)	693,998	(693,998)
Extracurricular Activities	363,978	(210,819)	290,244	(194,201)
Interest Charges	3,159	(3,159)	14,121	(14,121)
Food Service Operations	347,664	49,430	357,507	39,556
Uniform Supplies	8,152	(1,327)	18,497	2,113
Total	<u>\$ 11,103,937</u>	<u>\$ (9,090,725)</u>	<u>\$ 11,643,754</u>	<u>\$ (9,982,810)</u>

Instruction and Student Support Services comprise 79% of governmental program expenses. Pupil transportation and the operation/maintenance of plant account for 15% of governmental program expenses.

The dependence upon tax revenues for governmental activities is apparent. The community, as a whole, is by far the primary support for Rootstown Local School District students.

***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 of \$11.7 million and expenditures of \$11.4 million. The net change in fund balance for the year was most significant in the general fund, with an increase of \$79,530. The general fund increase was primarily caused by a result of decreases in instruction and administration exceeding the decrease in tax revenue from previously mentioned amounts available for advance declining in 2011.

***General Fund Budgeting Highlights***

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

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

For the general fund, the final budget basis revenue was approximately \$10.1 million, \$.6 million over the original budget estimates of approximately \$9.5 million. The primary cause of this variance was due to higher than projected state funding. Final to actual there were no significant items.

Final appropriations of approximately \$10.2 million were \$1 million higher than the approximately \$9.2 million original budget and \$.02 million above actual fiscal year 2011 expenditures. Regular instruction expenditures made up most of the variance of actual versus final budget. These amounts fell below final budgeted amounts.

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

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***Capital Assets and Debt Administration***

**Capital Assets**

At the end of fiscal year 2011, the School District had \$2.5 million invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2011 balances compared with 2010 net of depreciation.

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

	Governmental Activities	
	2011	2010
Land	\$ 779,700	\$ 779,700
Land Improvements	305,199	330,616
Buildings and Improvements	1,042,424	1,092,028
Furniture and Equipment	107,313	140,341
Vehicles	233,551	207,295
Totals	\$ 2,468,187	\$ 2,549,980

The \$81,793 decrease in capital assets was attributable to depreciation expense exceeding additional purchases. See Note 9 to the basic financial statements for more detail on the capital assets of the School District.

***Short-Term Debt***

During fiscal year 2011, tax anticipation notes that were outstanding at June 30, 2010 were retired. Table 5 summarizes debt outstanding.

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

	2011	2010
General Obligation Notes:		
2005 Tax Anticipation Note	\$ 0	\$ 150,000

The proceeds of the 2005 tax anticipation notes were utilized for the emergency requirements of the School District. See Note 18 to the basic financial statements for more detail on the short-term debt of the School District.

***Current Issues***

It is evident that the Rootstown Local School District relies heavily on its property owners for support. In today's economical climate, this presents a problem to the School District as well as the local taxpayer. Until there is a change in the funding structure from the state, this will continue to be a key point of concern. Special education and gifted funding have been reduced every year. The School District attempts to help compensate for some of these losses by applying for additional grant money. Our position is such that the School District does not qualify for many of the "needy" grants.

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

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Because of House Bill 920 that was passed in the 1970's, current levies do not provide for inflationary revenue growth as valuation increases, with the exception of the inside mills and new construction. Thus, as a School District dependent upon property tax and a decline in the State Foundation, the School District will need to request property tax increases to maintain a constant level of service.

The School District will implement additional cuts if necessary for the upcoming fiscal year to improve its overall financial stability.

The School District placed a \$1,045,000 Emergency levy (five years, 5.96 mills) on the August 2011 ballot, which passed by 243 votes. Additional cuts and further staff reductions will be necessary to balance the books in 2011. Pay freezes were implemented for 2011 and 2012. The School District will begin negotiations this spring.

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

The School District has been working with the Ohio Schools Facilities Commission to adopt a comprehensive master facilities plan. The project will involve all school buildings on campus, with the state funding to be 33 percent and the School District funding will be 67 percent. MKC Associates has been retained to provide architectural and engineering guidance in the development of the overall facilities plan. This spring, the School District was approved for the CFAP project and given an offer of funding by the Ohio School Facilities Commission. The School District anticipates being on the ballot for a bond issue within the next several years, contingent on the passage of the levies previously mentioned.

***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 Connie Baldwin, Treasurer of Rootstown Local School District, 4140 State Route 44, Rootstown, OH 44272.

**Rootstown Local School District**

*Statement of Net Assets*

*June 30, 2011*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 1,581,157
Receivables:	
Accounts	21,669
Taxes	5,397,201
Intergovernmental	133,213
Nondepreciable Capital Assets	779,700
Depreciable Capital Assets (Net)	<u>1,688,487</u>
<i>Total Assets</i>	<u>9,601,427</u>
<b>Liabilities</b>	
Accounts Payable	29,237
Accrued Wages and Benefits	930,178
Contracts Payable	24,600
Vacation Benefits Payable	42,002
Intergovernmental Payable	382,839
Deferred Revenue	4,398,625
Long Term Liabilities:	
Due Within One Year	40,865
Due In More Than One Year	<u>391,045</u>
<i>Total Liabilities</i>	<u>6,239,391</u>
<b>Net Assets</b>	
Invested in Capital Assets	2,468,187
Restricted for:	
Capital Projects	541,873
Other Purposes	275,990
Set Asides	143,208
Unrestricted	<u>(67,222)</u>
<i>Total Net Assets</i>	<u>\$ 3,362,036</u>

See accompanying notes to the basic financial statements.

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$ 4,448,367	\$ 396,713	\$ 391,237	\$ (3,660,417)
Special	1,078,550	0	616,813	(461,737)
Vocational	258,778	0	0	(258,778)
Other	629,481	0	0	(629,481)
Support services:				
Pupils	543,801	0	0	(543,801)
Instructional staff	352,001	0	0	(352,001)
Board of education	24,095	0	0	(24,095)
Administration	1,000,000	20,602	23,172	(956,226)
Fiscal	371,296	0	0	(371,296)
Business	10,943	0	0	(10,943)
Operation and maintenance of plant	987,963	7,597	0	(980,366)
Pupil transportation	675,709	0	0	(675,709)
Food service operations	347,664	239,268	157,826	49,430
Uniform school supplies	8,152	6,825	0	(1,327)
Extracurricular activities	363,978	153,159	0	(210,819)
Interest and fiscal charges	3,159	0	0	(3,159)
<i>Total Governmental Activities</i>	<u>\$ 11,103,937</u>	<u>\$ 824,164</u>	<u>\$ 1,189,048</u>	<u>(9,090,725)</u>
 <b>General Revenues</b>				
Property Taxes Levied for:				
General Purposes				3,882,630
Debt Service				153,159
Capital Outlay				250,001
Grants and Entitlements not Restricted to Specific Programs				5,141,658
Investment Earnings				10,609
Miscellaneous				197,740
Total General Revenues				<u>9,635,797</u>
Change in Net Assets				545,072
Net Assets Beginning of Year				<u>2,816,964</u>
Net Assets End of Year				<u>\$ 3,362,036</u>

See accompanying notes to the basic financial statements.

**Rootstown Local School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2011*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$ 625,057	\$ 520,411	\$ 292,481	\$ 1,437,949
Receivables:				
Accounts	0	0	21,669	21,669
Interfund	35,217	0	0	35,217
Taxes	5,084,884	312,317	0	5,397,201
Intergovernmental	49,273	487	83,453	133,213
Equity in Pooled Cash and Investments-Restricted	143,208	0	0	143,208
<i>Total Assets</i>	<u>\$ 5,937,639</u>	<u>\$ 833,215</u>	<u>\$ 397,603</u>	<u>\$ 7,168,457</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 26,140	\$ 0	\$ 3,097	\$ 29,237
Contracts Payable	0	24,600	0	24,600
Accrued Wages and Benefits	796,863	0	133,315	930,178
Intergovernmental Payable	345,997	6,886	29,956	382,839
Interfund Payable	0	0	35,217	35,217
Deferred Revenue	4,742,892	287,106	20,706	5,050,704
<i>Total Liabilities</i>	<u>5,911,892</u>	<u>318,592</u>	<u>222,291</u>	<u>6,452,775</u>
<b>Fund Balances</b>				
Fund Balance:				
Restricted	143,208	514,623	271,089	928,920
Assigned	79,410	0	0	79,410
Unassigned	(196,871)	0	(95,777)	(292,648)
<i>Total Fund Balances</i>	<u>25,747</u>	<u>514,623</u>	<u>175,312</u>	<u>715,682</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 5,937,639</u>	<u>\$ 833,215</u>	<u>\$ 397,603</u>	<u>\$ 7,168,457</u>

See accompanying notes to the basic financial statements.



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

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Total Governmental Fund Balances	\$	715,682
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*Amounts reported for governmental activities in the statement of net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		2,468,187
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

Delinquent Property Taxes	\$ 589,838	
Grants	20,706	
Excess Costs	<u>41,535</u>	652,079

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

Compensated Absences	(431,910)	
Vacation Benefits Payable	<u>(42,002)</u>	<u>(473,912)</u>

Net Assets of Governmental Activities	\$	<u><u>3,362,036</u></u>
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See accompanying notes to the basic financial statements.

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

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 4,032,236	\$ 250,389	\$ 0	\$ 4,282,625
Intergovernmental	5,144,266	57,741	1,184,724	6,386,731
Investment income	10,609	0	1,092	11,701
Tuition and fees	344,772	0	0	344,772
Rent	7,597	0	0	7,597
Extracurricular activities	45,430	0	94,583	140,013
Charges for services	0	0	239,268	239,268
Gifts and donations	23,294	0	20,862	44,156
Miscellaneous	192,875	0	4,865	197,740
<i>Total Revenues</i>	<u>9,801,079</u>	<u>308,130</u>	<u>1,545,394</u>	<u>11,654,603</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,329,102	0	472,115	4,801,217
Special	763,840	0	320,308	1,084,148
Other	613,660	0	15,821	629,481
Support services:				
Pupils	545,912	0	500	546,412
Instructional staff	352,009	0	496	352,505
Board of education	24,095	0	0	24,095
Administration	902,423	1,664	87,430	991,517
Fiscal	360,998	4,635	120	365,753
Business	10,943	0	0	10,943
Operation and maintenance of plant	856,628	60,760	0	917,388
Pupil transportation	485,143	176,278	24,546	685,967
Food service operations	0	0	349,054	349,054
Uniform school supplies	400	0	1,271	1,671
Extracurricular activities	258,198	0	91,241	349,439
Capital outlay	18,614	51,995	0	70,609
Interest and fiscal charges	3,159	0	0	3,159
<i>Total Expenditures</i>	<u>9,721,549</u>	<u>295,332</u>	<u>1,427,183</u>	<u>11,444,064</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	79,530	12,798	118,211	210,539
<b>Other Financing Sources (Uses)</b>				
Transfers in	307	0	0	307
Transfers out	(307)	0	0	(307)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	79,530	12,798	118,211	210,539
<i>Fund balance (deficit) at beginning of year (Restated)</i>	<u>(53,783)</u>	<u>501,825</u>	<u>57,101</u>	<u>505,143</u>
<i>Fund balance (deficit) at end of year</i>	<u>\$ 25,747</u>	<u>\$ 514,623</u>	<u>\$ 175,312</u>	<u>\$ 715,682</u>

See accompanying notes to the basic financial statements.

**Rootstown Local School District**  
*Reconciliation of the Changes*  
*in Fund Balances of Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended June 30, 2011*

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Net Change in Fund Balances - Total Governmental Funds	\$	210,539
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*Amounts reported for governmental activities in the statement of activities are different because:*

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

Capital Asset Additions	\$ 69,450	
Current Year Depreciation	<u>(151,243)</u>	(81,793)

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

Excess Costs	(16,386)	
Grants	7,627	
Delinquent Property Taxes	<u>3,165</u>	(5,594)

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	418,504	
Vacation Benefits Payable	<u>3,416</u>	<u>421,920</u>

Change in Net Assets of Governmental Activities	\$	<u><u>545,072</u></u>
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See accompanying notes to the basic financial statements.

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 4,242,705	\$ 4,536,056	\$ 4,486,513	\$ (49,543)
Intergovernmental	4,856,458	5,095,805	5,135,542	39,737
Investment Income	9,492	10,171	10,038	(133)
Tuition and Fees	312,376	330,331	330,331	0
Rent	7,184	7,597	7,597	0
Extracurricular Activities	42,961	45,430	45,430	0
Gift and Donations	9,841	10,407	10,407	0
Miscellaneous	47,244	50,459	49,959	(500)
<i>Total Revenues</i>	<u>9,528,261</u>	<u>10,086,256</u>	<u>10,075,817</u>	<u>(10,439)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,133,754	4,850,899	4,575,109	275,790
Special	706,237	835,629	781,640	53,989
Vocational	188,468	239,010	208,590	30,420
Student Intervention Services	0	4,188	0	4,188
Other	555,365	653,472	614,660	38,812
Support Services:				
Pupils	503,110	508,398	556,826	(48,428)
Instructional Staff	333,200	336,301	368,775	(32,474)
Board of Education	21,733	14,561	24,053	(9,492)
Administration	784,547	734,503	868,311	(133,808)
Fiscal	332,157	329,658	367,621	(37,963)
Business	9,887	12,904	10,943	1,961
Operation and Maintenance of Plant	790,043	762,493	874,394	(111,901)
Pupil Transportation	463,390	490,848	512,865	(22,017)
Extracurricular Activities	237,320	278,387	262,657	15,730
Debt Service:				
Principal	150,000	150,000	150,000	0
Interest	3,159	3,159	3,159	0
<i>Total Expenditures</i>	<u>9,212,370</u>	<u>10,204,410</u>	<u>10,179,603</u>	<u>24,807</u>
Excess of Revenues Over (Under) Expenditures	<u>315,891</u>	<u>(118,154)</u>	<u>(103,786)</u>	<u>14,368</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	307	307	0
Refund of Prior Year Expenditures	0	129,672	129,672	0
Advances Out	(279)	(35,217)	(35,217)	0
Transfers Out	0	0	(307)	(307)
<i>Total Other Financing Sources (Uses)</i>	<u>(279)</u>	<u>94,762</u>	<u>94,455</u>	<u>(307)</u>
<i>Net Change in Fund Balance</i>	315,612	(23,392)	(9,331)	14,061
<i>Fund Balance (Deficit) at Beginning of Year</i>	641,850	641,850	641,850	0
Prior Year Encumbrances Appropriated	30,357	30,357	30,357	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 987,819</u>	<u>\$ 648,815</u>	<u>\$ 662,876</u>	<u>\$ 14,061</u>

See accompanying notes to the basic financial statements.

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

	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$ 59,392	\$ 19,237
<b>Liabilities</b>		
Undistributed Monies	\$ 0	\$ 19,237
<b>Net Assets</b>		
Held in Trust for Scholarships	59,392	
<i>Total Net Assets</i>	\$ 59,392	

See accompanying notes to the basic financial statements.

**Rootstown Local School District**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Funds*  
*For Fiscal Year Ended June 30, 2011*

	Private Purpose Trust
	Scholarship
<b>Additions</b>	
Interest	\$ 146
<b>Deductions</b>	
Payments in accordance with trust agreement	6,500
<i>Change in Net Assets</i>	(6,354)
<i>Net Assets Beginning of Year</i>	65,746
<i>Net Assets End of Year</i>	\$ 59,392

See accompanying notes to the basic financial statements.

## **ROOTSTOWN LOCAL SCHOOL DISTRICT**

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

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

The Rootstown Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by state and federal agencies. Average daily membership was 1,296. The School District employs 87 certificated and 55 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.

Management believes the financial statements included in the report represent all of the funds of the School District over which the School District has the ability to exercise direct operating control.

The School District participates in one jointly governed organization, the Stark Portage Area Computer Consortium (SPARCC), which is presented in Note 15 to the basic financial statements.

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

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

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

## ROOTSTOWN LOCAL SCHOOL DISTRICT

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

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

**Fund Financial Statements** During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise 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 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.

**Permanent Improvement Fund** The permanent improvement capital projects fund accounts for financial resources to be used for the acquisition, construction, or improvement of major capital facilities.



## ROOTSTOWN LOCAL SCHOOL DISTRICT

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

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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-scholarship fund and an agency fund. The School District's private purpose trust-scholarship fund accounts for memorial scholarships. The School District's agency fund accounts for student activities.

### ***C. Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All non fiduciary assets and all 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Private purpose trust funds are reported using the economic resources measurement focus and are excluded from the Government-Wide Financial Statements. Agency funds do not report a measurement focus as they do not report operations.

### ***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the 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 also 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.

Non-exchange 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 7) 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

## ROOTSTOWN LOCAL SCHOOL DISTRICT

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

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requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

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

On the 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 entitlement 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.

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. Pooled 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.

During fiscal year 2011, other investments of the School District were limited to STAROhio, (the State Treasurer's Investment Pool); repurchase agreements, certificates of deposit and mutual funds. These nonparticipating investment contracts are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2011.

**ROOTSTOWN LOCAL SCHOOL DISTRICT**

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

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Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$10,609, which includes \$4,053 assigned from other School District funds.

Investments of the cash management pool and investments with a 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 original maturity of more than three months that are not made from the pool are reported as investments.

***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 include amounts required by statute to be set aside for the purchase of capital improvements. See Note 17 for additional information regarding set-asides.

***G. Capital Assets***

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 Years
Building and Improvements	10 - 50 Years
Furniture and Equipment	5 - 20 Years
Vehicles	8 Years
Library and Textbooks	6 Years

***H. Interfund Balances***

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

## ROOTSTOWN LOCAL SCHOOL DISTRICT

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

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### ***I. Compensated Absences***

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

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

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

For the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

### ***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 year. Long-term loans are recognized as a liability on the governmental 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. Net assets restricted for other purposes primarily include extracurricular activities, operation and maintenance of plant, and special education.

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

### ***L. Fund Balance***

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as

## ROOTSTOWN LOCAL SCHOOL DISTRICT

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

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well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

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

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

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

### ***M. Interfund Activity***

Transfers between governmental activities on the government-wide statements are eliminated.

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

### ***N. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2011.

### ***O. Estimates***

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

## ROOTSTOWN LOCAL SCHOOL DISTRICT

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

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### ***P. Budgetary Data***

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. Throughout the fiscal year, the primary level of budgetary control was at the fund level. Budgetary modifications may only be made by resolution of the Board of Education.

***Estimated Resources*** The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the School District by March 1. As part of the certification, the School District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget ensuring that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2011.

***Appropriations*** A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the legal level of control and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified. The total of expenditures and encumbrances may not exceed appropriations at the level of control. The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

### ***Q. Change in Accounting Principles***

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

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

**ROOTSTOWN LOCAL SCHOOL DISTRICT**

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

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

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

**Note 3 – Restatement of Fund Balances**

Fund reclassifications are required in order to report funds in accordance with GASB Statement No. 54. These fund reclassifications had the following effect on the School District’s governmental fund balances as previously reported:

	General	Permanet Improvement	Nonmajor Governmental	Total Governmental
Fund balance previously reported	\$ (87,385)	\$ 501,825	\$ 90,703	\$ 505,143
Fund reclassification:				
Uniform school supplies fund	21,550	0	(21,550)	0
Public school support fund	12,052	0	(12,052)	0
Restated fund balance July 1, 2010	<u>\$ (53,783)</u>	<u>\$ 501,825</u>	<u>\$ 57,101</u>	<u>\$ 505,143</u>

The fund reclassifications did not have an effect on net assets as previously reported.

**Note 4 – Fund Deficits**

Fund balances at June 30, 2011 included the following individual fund deficit:

	Deficit Fund Balance
Nonmajor Governmental Funds:	
Education Jobs	\$ 15,582
Title VI-B	11,441
State Fiscal Stabilization	60,958
Title I	4,965
Improving Teacher Quality	2,830

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

**ROOTSTOWN LOCAL SCHOOL DISTRICT**

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

**Note 5 – Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

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

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);
2. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP);
3. In order to determine compliance with Ohio law, and to assign that portion of the applicable appropriation, total outstanding encumbrances (budget) are recorded as the equivalent of an expenditure; and,
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

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

**Net Change in Fund Balance**

	<u>General</u>
GAAP Basis	\$ 79,530
Net Adjustment for Revenue Accruals	453,761
Net Adjustment for Expenditure Accruals	(470,986)
Funds Budgeted Elsewhere**	(6,384)
Adjustment for Encumbrances	<u>(65,252)</u>
Budget Basis	<u>\$ (9,331)</u>

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

**Note 6 – Deposits and Investments**

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



## ROOTSTOWN LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
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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 five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those 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 uninsured 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. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent 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 (STAROhio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25 percent 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

**ROOTSTOWN LOCAL SCHOOL DISTRICT**

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

made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

**Cash on Hand** At year end, the School District had \$100 in undeposited cash on hand which is included on the balance sheet of the School District as part of equity in pooled cash and investments.

**Deposits** At fiscal year-end, the carrying amount of the School District's deposits was \$619,507 and the bank balance was \$702,980. Of the bank balance:

1. \$524,876 was covered by federal depository insurance; and
2. \$178,204 was uninsured and uncollateralized.

**Investments**

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

	Fair Value	Investment Maturities (in months) 0-6
Repurchase Agreement	\$ 919,575	\$ 919,575
Mutual Funds	12,298	12,298
STAROhio	108,306	108,306
Totals	<u>\$ 1,040,179</u>	<u>\$ 1,040,179</u>

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

**Credit Risk:** The School District's investments at June 30, 2011 include repurchase agreements, mutual funds, and STAROhio which is rated AAAM by Standard & Poor's. The repurchase agreement and mutual fund account are not rated by Standard & Poor's or Moody's Investor Services. The federal agency securities that underlie the repurchase agreement were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

**Concentration of Credit Risk:** The School District places no limit on the amount the School District may invest in any one issuer. More than 5 percent of the School District's investments are in STAROhio and repurchase agreements. These investments are 10% and 88%, respectively of the School District's total investments for the amounts listed above.

**Custodial Credit Risk:** For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession

## ROOTSTOWN LOCAL SCHOOL DISTRICT

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

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of an outside party. The School District's investment in repurchase agreements is to be secured by the specific government securities upon which the repurchase agreements are based. These securities, held by the counterparty and not in the School District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities to a repurchase agreement by 2%. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

### **Note 7 - Property Taxes**

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

Property taxes include amounts levied annually, on all real and public utility property and business tangible personal property located within the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Real property taxes collected were based on assessed value equal to 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. The first payment is due December 31, and the remainder is payable by June 20. Under certain circumstances, State statute permits earlier or later payment dates to be established.

Public utility property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Public utility real property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in 2011 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is assessed at varying percentages of true value.

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 telecommunications companies and railroads. The tax on general business and railroad property was eliminated in 2009, and the tax on telephone and telecommunications property will be eliminated by 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. The 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 Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011 are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility, and real property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011, was \$383,527 in the general fund and \$25,211 in the permanent improvement fund.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

**ROOTSTOWN LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
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The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$165,027,480	93.96%	\$165,018,230	94.05%
Public Utility Real	56,520	0.03%	55,530	0.03%
Tangible Personal Property	10,551,285	6.01%	10,379,240	5.92%
<b>Total</b>	<b>\$175,635,285</b>	<b>100.00%</b>	<b>\$175,453,000</b>	<b>100.00%</b>
 Tax rate per \$1,000 of assessed valuation	 \$62.56		 \$62.57	

**Note 8 - Receivables**

Receivables at June 30, 2011, consisted of accounts, taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. The intergovernmental receivable at June 30 consisted of state and federal grants of \$82,794 and SERS refund of \$8,368 and excess cost receivable of \$42,051.

**Note 9 – Capital Assets**

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

	Balance 6/30/2010	Additions	Reductions	Balance 6/30/2011
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 779,700	\$ 0	\$ 0	\$ 779,700
<i>Capital Assets, being depreciated:</i>				
Land Improvements	706,015	0	0	706,015
Building and Improvements	4,679,827	0	0	4,679,827
Furniture and Equipment	982,071	0	0	982,071
Vehicles	996,037	69,450	0	1,065,487
Library and Textbooks	349,706	0	0	349,706
<b>Total Capital Assets, being depreciated</b>	<b>7,713,656</b>	<b>69,450</b>	<b>0</b>	<b>7,783,106</b>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(375,399)	(25,417)	0	(400,816)
Building and Improvements	(3,587,799)	(49,604)	0	(3,637,403)
Furniture and Equipment	(841,730)	(33,028)	0	(874,758)
Vehicles	(788,742)	(43,194)	0	(831,936)
Library and Textbooks	(349,706)	0	0	(349,706)
<b>Total Accumulated Depreciation</b>	<b>(5,943,376)</b>	<b>(151,243)</b>	<b>0</b>	<b>(6,094,619)</b>
<b>Total Capital Assets being depreciated, Net</b>	<b>1,770,280</b>	<b>(81,793)</b>	<b>0</b>	<b>1,688,487</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 2,549,980</b>	<b>\$ (81,793)</b>	<b>\$ 0</b>	<b>\$ 2,468,187</b>

**ROOTSTOWN LOCAL SCHOOL DISTRICT**

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

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Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	66,863
Vocational		568
Support Services:		
Pupil		159
Instructional Staff		504
Operation and Maintenance of Plant		106
Pupil Transportation		61,641
Capital Outlay		1,787
Operation of non instructional		4,539
Extracurricular Activities		15,076
		<hr/>
Total Depreciation	\$	<u>151,243</u>

**Note 10 – Risk Management**

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. There has been no reduction in insurance coverage from the prior year. There also have been no settlements paid in excess of insurance coverage in the past three years.

**A. Property and Liability**

The School District has a property and fleet insurance policy through Indiana Insurance. The deductibles for the property insurance are \$2,500. The deductibles for the fleet insurance vary from \$500 to \$1,000 depending on the incident. The School District also holds a liability insurance policy with Hylant Insurance Agency through the Ohio School Plan consortium. The deductibles here range from \$0 to \$2,500. The board president and superintendent have a \$74,500 position bond and assistant treasurers have a \$50,000 position bond with Travelers Insurance. The treasurer is covered under a surety bond in the amount of \$300,000.

**B. Workers' Compensation**

The School District pays the State Workers' Compensation system a premium based on a rate of \$1.2386 per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**C. Employee Medical Benefits**

Medical and prescription coverage is provided as a Comprehensive Major Medical program through Benefit Services, Inc. Monthly family premiums are \$1,124.17 for Administrative and Certified Staff and \$1,060.45 for Classified Staff. Monthly single premiums are \$445.07 for Administrative and Certified Staff and \$420.59 for Classified Staff.

Dental coverage is provided as a Comprehensive Major Medical plan through Mutual Health Services, Inc. Monthly premiums are \$87.05 for family coverage and \$38.87 for single coverage.

Vision coverage in the amount of \$8.03 is available for Administrative and Classified employees who work 12 months.

## ROOTSTOWN LOCAL SCHOOL DISTRICT

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

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### **Note 11 – Defined Benefit Pension Plans**

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

Plan Description – The School contributes to the School Employees Retirement System of Ohio (“SERS”), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS’ website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011, 11.81 percent of annual covered salary was the portion used to fund pension obligations. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. For fiscal year 2010, the amount was 12.78 percent and for 2009 the amount was 9.09 percent. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS’ Retirement Board. The School’s contributions to SERS for pension obligations and death benefits for the years ended June 30, 2011, 2010 and 2009 were \$209,051, \$242,717 and \$166,035, respectively; 52 percent has been contributed for fiscal year 2011 and 100 percent for the fiscal years 2010 and 2009. \$118,093 represents the unpaid contribution for fiscal year 2011, and is recorded as a liability within the respective funds.

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

Plan Description – The School participates in the State Teachers Retirement System of Ohio (“STRS Ohio”), a cost-sharing, multiple-employer defined benefit pension plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment accounts. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

## ROOTSTOWN LOCAL SCHOOL DISTRICT

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

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

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2011, 2010 and 2009 were \$643,290, \$654,206 and \$643,782, respectively; 84 percent has been contributed for fiscal year 2011 and 100 percent for the fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$280 made by the School and \$200 made by the plan members. \$113,396 represents the unpaid contribution for fiscal year 2011, and is recorded as a liability within the respective funds.

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

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

### **Note 12 - Postemployment Benefits**

#### **A. State Teachers Retirement System**

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

**Funding Policy** – Ohio law authorized STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for fiscal years ended June 30, 2011, 2010 and 2009 were \$49,484, \$50,324 and \$49,522, respectively; 84 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

#### **B. School Employees Retirement System**

**Plan Description** — The School participates in two cost-sharing multiple employer defined benefit OPEB plans administered by SERS for non-certified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan included hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

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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 allocated the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For June 30, 2011, 1.43 percent of covered payroll was allocated to health care, and for June 30, 2010 and 2009, the health care allocation was .46 percent and 4.16 percent, respectively. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, 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 the years ended June 30, 2011, 2010 and 2009 were \$25,313, \$8,736 and \$75,985, respectively.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation was .76 percent. The School's contributions for the years ended June 30, 2011, 2010 and 2009 were \$13,453, \$14,434, and \$13,699, respectively; 52 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

### **Note 13 – Other Employee Benefits**

#### ***A. Life Insurance***

The School District provides term life insurance to employees through Mutual Health Services, Inc. in the amount for all eligible employees. Term life insurance is provided for Administrative Staff based upon double the employee's annual salary and the premium is \$.09 per \$100 of salaries. Term life insurance in the amount of \$25,000 is provided for the nine-month Certified Staff at a monthly rate of \$2.38 per employee. Term life insurance in the amount of \$20,000 is provided for Classified Staff that meet the nine-month contract and twenty or more hours per week requirement at a monthly rate of \$ 1.90.

#### ***B. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and Administrators, who are contracted to work no less than 12 months, earn 10 to 20 days of vacation per year depending upon length of service. Teachers and Administrators who work less than 12 months do not earn vacation time.

Teachers, Administrators, and Classified employees earn sick leave at a rate of one and one-quarter days per month cumulated without limit. Upon retirement, Certified and Classified employees with 10 years or more of service to the School District may receive thirty percent of accrued and unused sick leave, to a maximum of forty days.

#### ***C. Special Termination Benefits***

Certified employees meeting the requirements included in the negotiated agreement, and the provision of the retirement system, receive a salary incentive when they retire from active service in the amount of \$40,000.



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Eligibility requirement for participation in this program:

1. The employee must be eligible for retirement and retire by August first of each year.
2. The employee must have 10 or more full years of continuous service with the School District.
3. The employee must submit a request at least 30 days prior to the date of retirement.
4. The employee must be eligible by the retirement system standards and must retire by August first in the year in which the employee achieves 30 years' service credit for retirement purposes. After that time, the employee would be ineligible for the retirement incentive plan.

**Note 14 - Long - Term Obligations**

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

	<u>Outstanding 6/30/2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 6/30/2011</u>	<u>Due in One Year</u>
<b>Governmental Activities:</b>					
Compensated Absences	\$ 680,301	\$ 21,395	\$ 269,786	\$ 431,910	\$ 40,865
Total Governmental Activities Long-Term Liabilities	<u>\$ 680,301</u>	<u>\$ 21,395</u>	<u>\$ 269,786</u>	<u>\$ 431,910</u>	<u>\$ 40,865</u>

Compensated absences will be paid from the general fund and respective funds.

**Note 15 - 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 fiscal year ended June 30, 2011, the School District paid \$57,100 to SPARCC for basic service charges.

**Note 16 - 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 are 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

**ROOTSTOWN LOCAL SCHOOL DISTRICT**

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

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 17 - Set-Asides**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the 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	Totals
Set-Aside Carryover Balance as of June 30, 2010	\$ 61,881	\$ (6,228)	\$ 55,653
Current Year Set-Aside Requirement	191,832	191,832	383,664
Qualifying Expenditures	(110,505)	(244,247)	(354,752)
<b>Total</b>	<u>\$ 143,208</u>	<u>\$ (58,643)</u>	<u>\$ 84,565</u>
 Balance Carried Forward to FY 2012	 <u>\$ 143,208</u>	 <u>\$ (58,643)</u>	
 Amount for Restricted Cash			 <u>\$ 143,208</u>

The School District had qualifying disbursements during the year that reduced the textbook reserve set-asides below zero. Effective July 1, 2011, textbook set aside laws have been repealed. For the capital improvement reserve, qualifying expenditures and current year offsets exceeding the set aside requirement may not be carried forward to the next fiscal year.

**Note 18 – Tax Anticipation Notes Payable**

In fiscal year 2010, the School District issued tax anticipation notes in advance of property tax collections, depositing the proceeds in the general fund. These notes were necessary to finance current operations of the School District.

Note payable activity for the year ended June 30, 2011, was as follows:

	Balance 6/30/2010	Additions	Reductions	Balance 6/30/2011
First Place Bank - 4.21%	<u>\$ 150,000</u>	<u>\$ 0</u>	<u>\$ 150,000</u>	<u>\$ 0</u>

**ROOTSTOWN LOCAL SCHOOL DISTRICT**

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

**Note 19 – Fund Balance**

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

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

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted for:				
Set Asides	\$ 143,208	\$ 0	\$ 0	\$ 143,208
Capital Outlay	0	514,623	0	514,623
Food Service	0	0	218,537	218,537
Other Purposes	0	0	52,552	52,552
Total Restricted	<u>143,208</u>	<u>514,623</u>	<u>271,089</u>	<u>928,920</u>
Assigned for:				
Encumbrances	43,603	0	0	43,603
Other Purposes	<u>35,807</u>	<u>0</u>	<u>0</u>	<u>35,807</u>
Total Assigned	<u>79,410</u>	<u>0</u>	<u>0</u>	<u>79,410</u>
Unassigned	<u>(196,871)</u>	<u>0</u>	<u>(95,777)</u>	<u>(292,648)</u>
Total Fund Balance (Deficit)	<u>\$ 25,747</u>	<u>\$ 514,623</u>	<u>\$ 175,312</u>	<u>\$ 715,682</u>

**Note 20 – Subsequent Event**

During August, 2011 voters passed a \$1,045,000 Emergency levy (five years, 5.96 mills).

ROOTSTOWN LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed Through Ohio Department of Education</i>				
<i>Child Nutrition Cluster</i>				
Non-Cash Assistance (Food Distribution)	2011	10.555	14,066	13,124
National School Lunch Program	2011	10.555	112,954	112,954
National Breakfast Program	2011	10.553	4,076	4,076
<i>Total Child Nutrition Cluste.</i>			131,096	130,154
Total U.S. Department of Agriculture			131,096	130,154
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed Through Ohio Department of Education</i>				
<i>Title 1, Part A Cluster</i>				
Grants to Local Educational Agencies - ESEA Title	2010	84.010	6,054	7,568
Grants to Local Educational Agencies - ESEA Title	2011	84.010	95,190	94,448
ARRA - Title I School Subsidy	2010	84.389	24,065	31,806
<i>Total - Title 1, Part A Cluste</i>			125,309	133,822
<i>Special Education Cluster</i>				
Special Education Grants to States - (IDEA Part B	2010	84.027	17,848	27,122
Special Education Grants to States - (IDEA Part B	2011	84.027	190,939	191,073
ARRA - IDEA Part B	2011	84.391	123,756	141,156
<i>Total Special Education Cluste.</i>			332,543	359,351
Safe and Drug Free Schools Gran	2010	84.186	-	57
Education Jobs Func	2011	84.410	73,245	73,120
Technology State Grants - Title II-I	2011	84.318	332	332
Improving Teacher Quality State Grants - Title II-	2010	84.367	4,823	6,188
Improving Teacher Quality State Grants - Title II-	2011	84.367	31,149	31,140
Total Improving Teacher Quality State Grant:			35,972	37,328
ARRA State Fiscal Stabilization Func	2011	84.394	348,231	348,231
Total U.S. Department of Educator			915,632	952,241
<b>Totals</b>			<b>\$1,046,728</b>	<b>\$1,082,395</b>

*The accompanying notes to this schedule are an integral part of this schedul*

**ROOTSTOWN LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY**

**NOTES TO FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2011**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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

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# Dave Yost • Auditor of State

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

Rootstown Local School District  
Portage County  
4140 State Route 44  
Rootstown, Ohio 44272

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rootstown Local School District, Trumbull County, (the District) as of and for the year ended June 30, 2011, wherein we noted the District adopted Governmental Accounting Standards Board Statement No 54 (GASB 54). We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 23, 2011.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

December 23, 2011





# Dave Yost • Auditor of State

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

Rootstown Local School District  
Portage County  
4140 State Route 44  
Rootstown, Ohio 44272

To the Board of Education:

### Compliance

We have audited the compliance of Rootstown Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Rootstown Local School District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Rootstown Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

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

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293

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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

December 23, 2011

**ROOTSTOWN LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2011**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster Grants to States – CFDA# 84.027 and 84.391 State Fiscal Stabilization Funds, CFDA# 84.394
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

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

None

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Rootstown Local School District  
Portage County  
4140 State Route 44  
Rootstown, OH 44272

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

1. We noted the Board amended its anti-harassment policy at its meeting on April 18, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

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

**Dave Yost**  
Auditor of State

December 23, 2011

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# Dave Yost • Auditor of State

ROOTSTOWN LOCAL 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  
MARCH 8, 2012