

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

***BASIC FINANCIAL STATEMENTS
(AUDITED)***

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2016***

LISA CRESCIMANO, INTERIM TREASURER



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Ravenna City School District, Portage County, prepared by Julian & Grube, Inc., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

January 11, 2017

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

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Ravenna City School District
Portage County
507 East Main Street
Ravenna, Ohio 44266

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Ravenna City School District, Portage County, Ohio, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Ravenna City School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Ravenna City School District, Portage County, Ohio, as of June 30, 2016, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplemental Information

Our audit was conducted to opine on the Ravenna City School District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2016, on our consideration of the Ravenna City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ravenna City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
November 22, 2016

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The discussion and analysis of the Ravenna City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2016 are as follows:

- In total, net position of governmental activities increased \$3,023,727 from 2015 net position.
- General revenues accounted for \$28,825,860 in revenue or 81.32% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,622,037 or 18.68% of total revenues of \$35,447,897.
- The District had \$32,424,170 in expenses related to governmental activities; \$6,622,037 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$28,825,860 were adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$30,112,960 in revenues and \$27,277,535 in expenditures and other financing uses. During fiscal year 2016, the general fund's fund balance increased \$2,835,425 from a deficit of \$869,471 to \$1,965,954.

Using the Basic Financial Statements (BFS)

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

The *statement of net position* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is by far the most significant fund, and the only governmental fund reported as a major fund.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

These two statements report the District's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the 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 District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

The District's statement of net position and statement of activities can be found on pages 15-16 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 11. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund.

Governmental Funds

Most of the 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* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the 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 position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-21 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 22 and 23. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic 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. These notes to the basic financial statements can be found on pages 24-60 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 61 - 67 of this report.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for 2016 and 2015.

	Net Position - Governmental Activities	
	2016	2015
<u>Assets</u>		
Current and other assets	\$ 16,788,340	\$ 15,134,073
Capital assets, net	38,564,876	39,715,044
Total assets	55,353,216	54,849,117
<u>Deferred outflows of resources</u>		
Unamortized deferred charges	1,208,996	1,286,542
Pension	3,816,435	2,625,301
Total deferred outflows	5,025,431	3,911,843
<u>Liabilities</u>		
Current liabilities	3,353,264	3,442,746
Long-term liabilities:		
Due within one year	1,240,914	1,739,377
Due in more than one year:		
Net pension liability	40,474,375	36,022,252
Other amounts	19,729,514	20,506,415
Total liabilities	64,798,067	61,710,790
<u>Deferred inflows of resources</u>		
Property taxes	9,069,113	10,019,129
Pensions	2,964,037	6,507,338
Total deferred inflows	12,033,150	16,526,467
<u>Net Position</u>		
Net investment in capital assets	21,043,257	21,010,959
Restricted	1,153,136	981,499
Unrestricted (deficit)	(38,648,963)	(41,468,755)
Total net position (deficit)	\$ (16,452,570)	\$ (19,476,297)

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

At year-end, capital assets represented 69.67% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. The District's net investment in capital assets at June 30, 2016, was \$21,043,257. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

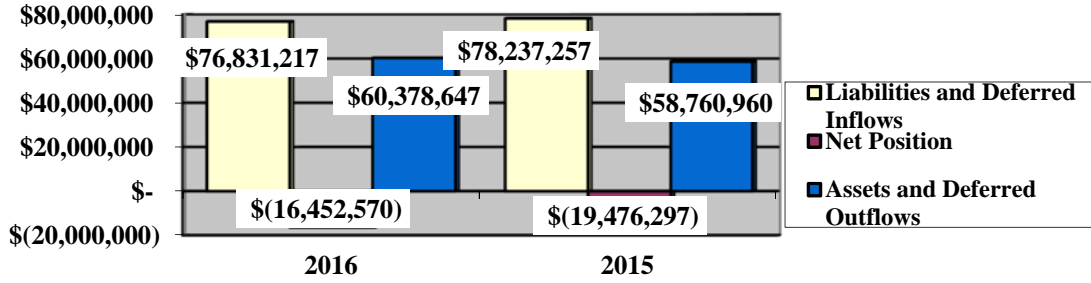
A portion of the District's net position, \$1,153,136, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$38,648,963.

The graphs below show the District's governmental activities assets and deferred outflows, liabilities and deferred inflows, and net position at June 30, 2016 and June 30, 2015.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Governmental Activities



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The table below shows the change in net position for fiscal years 2016 and 2015.

	Change in Net Position - Governmental Activities	
	2016	2015
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,011,529	\$ 1,071,979
Operating grants and contributions	5,525,413	5,096,414
Capital grants and contributions	85,095	99,549
General revenues:		
Property taxes	12,261,411	10,454,959
Revenue in lieu of taxes	97,215	69,502
Grants and entitlements	16,369,385	16,010,303
Investment earnings	11,827	9,322
Miscellaneous	86,022	94,660
Total revenues	<u>35,447,897</u>	<u>32,906,688</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	9,564,100	10,531,839
Special	6,012,454	5,858,633
Vocational	270,155	282,265
Other	2,914,477	2,630,641
Support services:		
Pupil	1,655,489	1,560,698
Instructional staff	1,012,612	1,091,569
Board of education	108,409	70,932
Administration	2,063,207	2,000,405
Fiscal	694,482	737,036
Business	237,657	227,901
Operations and maintenance	2,750,060	2,925,115
Pupil transportation	1,440,110	1,480,599
Central	391,170	439,990
Operation of non-instructional services:		
Food service operations	1,334,786	1,277,998
Other non-instructional services	105,469	107,670
Extracurricular activities	956,359	923,303
Interest and fiscal charges	913,174	741,371
Total expenses	<u>32,424,170</u>	<u>32,887,965</u>
Change in net position	3,023,727	18,723
Net position (deficit) at beginning of year	<u>(19,476,297)</u>	<u>(19,495,020)</u>
Net position (deficit) at end of year	<u>\$ (16,452,570)</u>	<u>\$ (19,476,297)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Governmental Activities

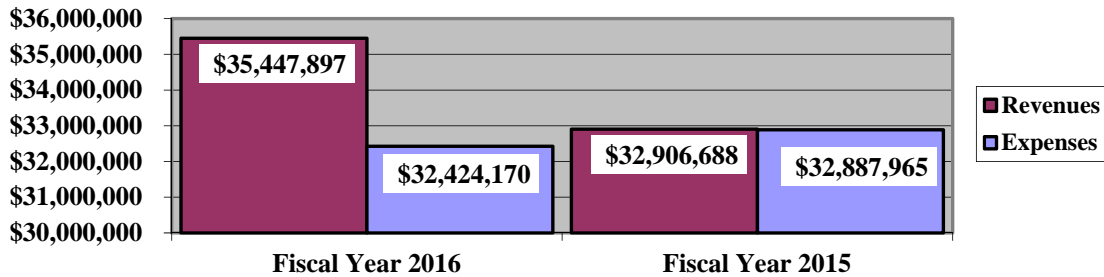
Net position of the District's governmental activities increased \$3,023,727. Total governmental expenses of \$32,424,170 were offset by program revenues of \$6,622,037 and general revenues of \$28,825,860. Program revenues supported 20.42% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, revenue in lieu of taxes, and grants and entitlements. These revenue sources represent 81.04% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$18,761,186 or 57.86% of total governmental expenses for fiscal 2016.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2016 and 2015:

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. The table on the following page shows, for governmental activities, the total cost of services and the net cost of services for 2016 and 2015.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

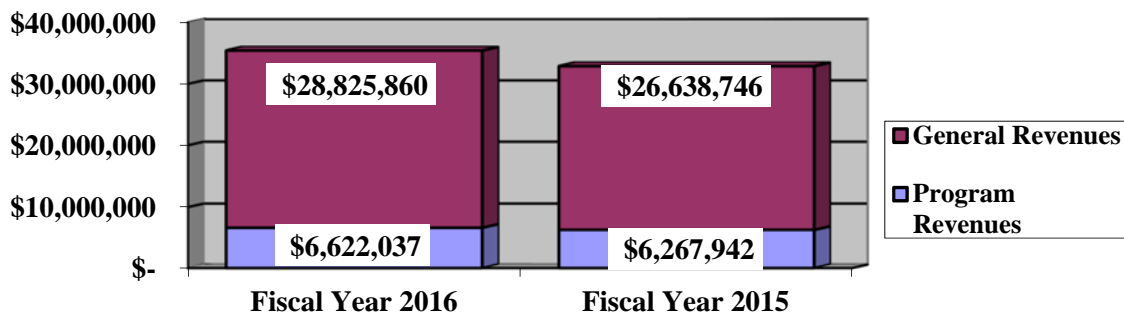
Governmental Activities

	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>
Program expenses				
Instruction:				
Regular	\$ 9,564,100	\$ 8,990,714	\$ 10,531,839	\$ 9,930,634
Special	6,012,454	2,099,634	5,858,633	2,179,364
Vocational	270,155	229,556	282,265	215,466
Other	2,914,477	2,914,477	2,630,641	2,630,641
Support services:				
Pupil	1,655,489	1,601,751	1,560,698	1,523,582
Instructional staff	1,012,612	948,135	1,091,569	1,007,459
Board of education	108,409	108,409	70,932	70,932
Administration	2,063,207	2,063,207	2,000,405	1,999,959
Fiscal	694,482	691,168	737,036	733,472
Business	237,657	237,657	227,901	227,901
Operations and maintenance	2,750,060	2,538,998	2,925,115	2,728,771
Pupil transportation	1,440,110	1,277,821	1,480,599	1,320,399
Central	391,170	376,278	439,990	422,548
Operations of non-instructional services:				
Other non-instructional services	105,469	(17,134)	107,670	(19,950)
Food service operations	1,334,786	69,578	1,277,998	149,150
Extracurricular activities	956,359	758,710	923,303	758,324
Interest and fiscal charges	<u>913,174</u>	<u>913,174</u>	<u>741,371</u>	<u>741,371</u>
Total expenses	<u>\$ 32,424,170</u>	<u>\$ 25,802,133</u>	<u>\$ 32,887,965</u>	<u>\$ 26,620,023</u>

The dependence upon tax and other general revenues for governmental activities is apparent; as 75.87% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79.53%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2016 and 2015.

Governmental Activities - General and Program Revenues



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

The District's Funds

The District's governmental funds reported a combined fund balance of \$3,671,332, which is higher than last year's total of \$610,536. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2016 and 2015.

	Fund Balance June 30, 2016	Fund Balance (deficit) June 30, 2015	Change	Percentage Change
General	\$ 1,965,954	\$ (869,471)	\$ 2,835,425	326.11 %
Other Governmental	<u>1,705,378</u>	<u>1,480,007</u>	<u>225,371</u>	15.23 %
Total	<u>\$ 3,671,332</u>	<u>\$ 610,536</u>	<u>\$ 3,060,796</u>	501.33 %

General Fund

The District's general fund balance increased \$2,835,425 from a deficit fund balance of \$869,471 to a fund balance of \$1,965,954.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2016 Amount	2015 Amount	Increase (Decrease)	Percentage Change
<u>Revenues</u>				
Taxes	\$ 10,833,354	\$ 9,219,712	\$ 1,613,642	17.50 %
Payment in lieu of taxes	97,215	69,502	27,713	39.87 %
Tuition	485,946	557,028	(71,082)	(12.76) %
Earnings on investments	10,469	7,897	2,572	32.57 %
Intergovernmental	18,325,898	18,008,124	317,774	1.76 %
Other revenues	<u>360,078</u>	<u>333,236</u>	<u>26,842</u>	8.05 %
Total	<u>\$ 30,112,960</u>	<u>\$ 28,195,499</u>	<u>\$ 1,917,461</u>	6.80 %
<u>Expenditures</u>				
Instruction	\$ 16,305,743	\$ 17,497,622	\$ (1,191,879)	(6.81) %
Support services	9,846,426	9,936,564	(90,138)	(0.91) %
Non-instructional services	744	197	547	277.66 %
Extracurricular activities	623,849	587,333	36,516	6.22 %
Facilities acquisition and construction	45,099	1,075	44,024	4,095.26 %
Capital outlay	-	125,078	(125,078)	100.00 %
Debt service	<u>127,915</u>	<u>127,916</u>	<u>(1)</u>	(0.00) %
Total	<u>\$ 26,949,776</u>	<u>\$ 28,275,785</u>	<u>\$ (1,326,009)</u>	(4.69) %

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Revenues of the general fund increased \$1,917,461 or 6.80% from fiscal year 2015. Property taxes increased \$1,613,642 or 17.50% primarily due to the variances in the amount of taxes available as an advance to the District at year-end. The amount of tax advance collected by the County Auditor and available as an advance in the general fund was \$1,948,356 and \$1,065,216, at June 30, 2016 and June 30, 2015, respectively. This amount is recorded as revenue and can vary from year to year based on the date the tax bills are sent. Payment in lieu of taxes increased \$27,713 or 39.87% due to the District in fiscal year 2016 receiving a tax settlement from Wendy's from 2014-2015 in the available period. Tuition decreased \$71,082 or 12.76% due to a decrease in the current fiscal year in open enrollment and tuition for special education. Earnings on investment increased \$2,572 or 32.57% due to the District holding more money in their sweep account. All other revenues were consistent with the prior fiscal year.

Expenditures of the general fund decreased \$1,326,009 or 4.69%. Capital outlay decreased \$125,078 or 100.00% due to the District entering into a new capital lease for equipment in fiscal year 2015. Facilities acquisition and construction increased \$44,024 or 4,095.26% due to District paying for certain site improvements for the stadium out of the general in fiscal year 2016. All other expenses were consistent with the prior year.

General Fund Budgeting Highlights

The 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.

For the general fund, original budgeted revenues and other financing sources amounted to \$28,797,465 and were increased to \$ 28,828,886 for the final budget. Actual revenues and other financing sources for fiscal 2016 were \$29,390,795. This represents a \$561,909 increase from final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$27,981,332 was increased to \$28,128,914 for the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2016 totaled \$28,036,096, which was \$92,818 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2016, the District had \$38,564,876 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

The following table shows June 30, 2016 balances compared to June 30, 2015:

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

	Governmental Activities	
	2016	2015
Land	\$ 74,984	\$ 74,984
Land improvements	2,777,128	2,986,859
Building and improvements	34,405,689	35,385,496
Furniture and equipment	757,517	830,462
Vehicles	549,558	437,243
Total	\$ 38,564,876	\$ 39,715,044

The overall decrease in capital assets of \$1,150,168 is due to depreciation of \$1,456,427 being greater than additions of \$306,259.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2016, the District had \$15,878,084 in general obligation bonds outstanding, \$1,875,000 in tax anticipation notes and \$1,825,878 in capital lease obligations. Of the outstanding obligations total, \$1,187,192 is due within one year and \$18,391,770 is due within greater than one year.

The following table summarizes the bonds, notes and capital lease obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities	Governmental Activities
	2016	2015
General obligation bonds	\$ 15,878,084	\$ 16,239,675
Tax anticipation note	1,875,000	2,115,000
Capital lease obligation	1,825,878	2,166,486
Total	\$ 19,578,962	\$ 20,521,161

See Note 11 to the basic financial statements for additional information on the District's debt administration.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Current Financial Related Activities

The District ended the year with an operating surplus higher than expected. The 2014-2015 biennial budget yielded additional funds for the District as a result of the new formula outlined in HB 59. The District received additional funding from the state in the amount of \$771,000 in fiscal year 2014, \$1.3 million in fiscal year 2015, and \$870,000 in fiscal year 2016. The 2015-2016 biennial budget, provided for in HB64, again provided additional funding for the District.

Local property taxes have remained consistent in the wake of recessionary value declines. We believe these valuation declines will recover and stabilize. Indeed, just after the District saw significant declines with the last revaluation, property values increased by \$3 million for 2013 and 2014. Enrollment for the District has seen a downward trend over the last few years. This is a state wide trend. However, in fiscal year 2014 enrollment stabilized a bit. Either way the District will economize operations to reflect the direction of enrollment in an effort maintain a balanced budget.

The District's general fund ended fiscal year 2016 with a carryover balance of \$2,743,083, up from a year end carryover of \$1,308,030 in fiscal year 2015. Revenue exceeded expenditures for the second time in five years. The District's current operating surplus projection for fiscal year 2017 is approximately \$4.5 million. Our ability to maintain a balanced budget from fiscal year 2014 to 2017 is due to careful and prudent financial management. The District continues to foster a cooperative atmosphere with its unions. The three unions adopted new contracts in fiscal year 2017 and these contracts expire in 2019. The certified and classified unions agreed to a fiscal year 2017 increase 1%, fiscal year 2018 increase 1.5%, fiscal year 2018 increase 2.0%. Previously the unions had a 0% base and step increase for the fiscal year 2013, and raises were limited to 1% in fiscal year 2014, fiscal year 2015 and fiscal year 2016. Healthcare contributions by employees increased in fiscal year 2013 from 10% to 15%. In addition, the District has experienced some significant shifts in staffing. Many certificated staff members are retiring and there are several positions that will not be replaced. This will present a significant savings in salaries; however, severance costs will go up in the short term. There may be additional staffing changes in the future as the District adjusts for declining enrollment.

Although the District has made a temporary recovery with its operating funds, there is a significant need for permanent improvements.

Despite a much needed increase in state foundation funding, the District will continue to monitor its budget and spending in order to avoid deficit spending and remain solvent in the years to come. In addition, we will continue to pursue alternative funding sources to supplement the Districts operating budget.

These strategies will give the District the ability to sustain its financial position. Ultimately our goal, as we navigate these financial hurdles, is to continue to improve student academic performance and provide a safe productive atmosphere for students and staff.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact David Hoskin, Treasurer, Ravenna City School District, 507 East Main Street, Ravenna, Ohio 44266.

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

STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 4,375,392
Cash in segregated accounts.	5,202
Receivables:	
Property taxes	12,032,318
Payment in lieu of taxes.	31,189
Accounts	4,818
Accrued interest.	21
Intergovernmental.	311,541
Materials and supplies inventory	5,413
Inventory held for resale	22,446
Capital assets:	
Nondepreciable capital assets	74,984
Depreciable capital assets, net	38,489,892
Capital assets, net	38,564,876
Total assets	55,353,216
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	1,208,996
Pension - STRS	3,116,947
Pension - SERS.	699,488
Total deferred outflows of resources	5,025,431
Liabilities:	
Accounts payable.	41,903
Retainage payable	1,123
Accrued wages and benefits payable	2,503,383
Intergovernmental payable	255,454
Pension and postemployment benefits payable	375,544
Accrued interest payable	162,107
Unearned revenue	13,750
Long-term liabilities:	
Due within one year	1,240,914
Due in more than one year:	
Net pension liability	40,474,375
Other amounts due in more than one year	19,729,514
Total liabilities.	64,798,067
Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	9,069,113
Pension - STRS	2,675,850
Pension - SERS	288,187
Total deferred inflows of resources	12,033,150
Net position:	
Net investment in capital assets	21,043,257
Restricted for:	
Capital projects	329,261
Classroom facilities maintenance	717,886
Locally funded programs	26,882
State funded programs.	1,616
Federally funded programs	9,978
Student activities	22,821
Other purposes	44,692
Unrestricted (deficit)	(38,648,963)
Total net position (deficit).	\$ (16,452,570)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular	\$ 9,564,100	\$ 412,778	\$ 160,608	\$ -	\$ (8,990,714)
Special	6,012,454	77,109	3,835,711	-	(2,099,634)
Vocational	270,155	-	40,599	-	(229,556)
Other	2,914,477	-	-	-	(2,914,477)
Support services:					
Pupil.	1,655,489	-	53,738	-	(1,601,751)
Instructional staff	1,012,612	-	64,477	-	(948,135)
Board of education	108,409	-	-	-	(108,409)
Administration.	2,063,207	-	-	-	(2,063,207)
Fiscal.	694,482	-	3,314	-	(691,168)
Business.	237,657	-	-	-	(237,657)
Operations and maintenance	2,750,060	204,322	5,359	1,381	(2,538,998)
Pupil transportation.	1,440,110	44,660	117,629	-	(1,277,821)
Central	391,170	-	10,800	4,092	(376,278)
Operation of non-instructional services:					
Other non-instructional services	105,469	-	42,981	79,622	17,134
Food service operations	1,334,786	90,135	1,175,073	-	(69,578)
Extracurricular activities.	956,359	182,525	15,124	-	(758,710)
Interest and fiscal charges	913,174	-	-	-	(913,174)
Total governmental activities	\$ 32,424,170	\$ 1,011,529	\$ 5,525,413	\$ 85,095	(25,802,133)
General revenues:					
Property taxes levied for:					
General purposes					10,774,038
Debt service.					1,038,510
Special revenue					134,281
Capital outlay.					314,582
Payments in lieu of taxes.					97,215
Grants and entitlements not restricted to specific programs					16,369,385
Investment earnings					11,827
Miscellaneous					86,022
Total general revenues					28,825,860
Change in net position					3,023,727
Net position (deficit) at beginning of year.					(19,476,297)
Net position (deficit) at end of year					\$ (16,452,570)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 2,830,837	\$ 1,544,555	\$ 4,375,392
Cash in segregated accounts	5,202	-	5,202
Receivables:			
Property taxes	10,540,876	1,491,442	12,032,318
Payment in lieu of taxes	31,189	-	31,189
Accounts	4,799	19	4,818
Accrued interest	21	-	21
Intergovernmental	100,215	211,326	311,541
Materials and supplies inventory	-	5,413	5,413
Inventory held for resale	-	22,446	22,446
Total assets.	<u>\$ 13,513,139</u>	<u>\$ 3,275,201</u>	<u>\$ 16,788,340</u>
Liabilities:			
Accounts payable	\$ 39,194	\$ 2,709	\$ 41,903
Retainage payable.	-	1,123	1,123
Accrued wages and benefits payable	2,200,996	302,387	2,503,383
Compensated absences payable	20,250	-	20,250
Intergovernmental payable	252,036	3,418	255,454
Pension and postemployment benefits payable.	328,250	47,294	375,544
Unearned revenue.	13,750	-	13,750
Total liabilities.	<u>2,854,476</u>	<u>356,931</u>	<u>3,211,407</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	7,950,762	1,118,351	9,069,113
Delinquent property tax revenue not available	641,758	91,892	733,650
Intergovernmental revenue not available	100,189	2,649	102,838
Total deferred inflows of resources	<u>8,692,709</u>	<u>1,212,892</u>	<u>9,905,601</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	-	5,413	5,413
Restricted:			
Debt service	-	623,864	623,864
Capital improvements	-	301,519	301,519
Classroom facilities maintenance	-	717,886	717,886
Special education	-	45,087	45,087
Targeted academic assistance	-	6,934	6,934
Other purposes.	-	28,498	28,498
Extracurricular.	-	22,821	22,821
Committed:			
Capital improvements	-	48,215	48,215
Assigned:			
Student instruction	28,788	-	28,788
Student and staff support.	125,772	-	125,772
Unassigned (deficit)	1,811,394	(94,859)	1,716,535
Total fund balances	<u>1,965,954</u>	<u>1,705,378</u>	<u>3,671,332</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 13,513,139</u>	<u>\$ 3,275,201</u>	<u>\$ 16,788,340</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2016

Total governmental fund balances		\$	3,671,332
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			38,564,876
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	733,650	
Intergovernmental receivable		102,838	
Total		<u>836,488</u>	836,488
Unamortized premiums on bonds issued are not recognized in the funds.			(1,823,251)
Unamortized amounts on refundings are not recognized in the funds.			1,208,996
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(162,107)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:			
Deferred outflows of resources - pension		3,816,435	
Deferred inflows of resources - pension		(2,964,037)	
Net pension liability		<u>(40,474,375)</u>	
Total			(39,621,977)
Long-term liabilities, including bonds, notes, and capital leases payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(14,054,833)	
Capital lease obligations		(1,825,878)	
Tax anticipation note		(1,875,000)	
Compensated absences		<u>(1,371,216)</u>	
Total			<u>(19,126,927)</u>
Net position (deficit) of governmental activities		<u>\$</u>	<u>(16,452,570)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Property taxes	\$ 10,833,354	\$ 1,496,119	\$ 12,329,473
Payment in lieu of taxes	97,215	-	97,215
Tuition.	485,946	-	485,946
Transportation fees.	44,660	-	44,660
Earnings on investments	10,469	1,548	12,017
Charges for services	-	90,135	90,135
Extracurricular.	68,871	82,455	151,326
Classroom materials and fees	270	-	270
Rental income	204,322	9,237	213,559
Contributions and donations	20,876	111,431	132,307
Contract services.	3,941	69,700	73,641
Other local revenues	17,138	28,269	45,407
Intergovernmental - intermediate	-	7,889	7,889
Intergovernmental - state	17,905,924	453,197	18,359,121
Intergovernmental - federal	419,974	2,952,793	3,372,767
Total revenues	<u>30,112,960</u>	<u>5,302,773</u>	<u>35,415,733</u>
Expenditures:			
Current:			
Instruction:			
Regular.	8,795,957	147,028	8,942,985
Special	4,322,785	1,746,395	6,069,180
Vocational	270,649	208	270,857
Other	2,916,352	-	2,916,352
Support services:			
Pupil	1,552,946	53,448	1,606,394
Instructional staff.	905,207	66,734	971,941
Board of education	104,873	-	104,873
Administration	2,035,809	-	2,035,809
Fiscal	660,256	33,656	693,912
Business.	257,568	-	257,568
Operations and maintenance	2,475,355	157,292	2,632,647
Pupil transportation	1,493,355	3,291	1,496,646
Central	361,057	14,382	375,439
Operation of non-instructional services:			
Other non-instructional services	744	110,127	110,871
Food service operations.	-	1,296,295	1,296,295
Extracurricular activities	623,849	117,634	741,483
Facilities acquisition and construction.	45,099	-	45,099
Debt service:			
Principal retirement.	120,608	1,215,000	1,335,608
Interest and fiscal charges	7,307	443,671	450,978
Total expenditures	<u>26,949,776</u>	<u>5,405,161</u>	<u>32,354,937</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,163,184</u>	<u>(102,388)</u>	<u>3,060,796</u>
Other financing sources (uses):			
Transfers in	-	551,602	551,602
Transfers (out).	(327,759)	(223,843)	(551,602)
Total other financing sources (uses)	<u>(327,759)</u>	<u>327,759</u>	<u>-</u>
Net change in fund balances	2,835,425	225,371	3,060,796
Fund balances (deficit) at beginning of year.	<u>(869,471)</u>	<u>1,480,007</u>	<u>610,536</u>
Fund balances at end of year	<u>\$ 1,965,954</u>	<u>\$ 1,705,378</u>	<u>\$ 3,671,332</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds	\$	3,060,796
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 306,259	
Current year depreciation	(1,456,427)	
Total		(1,150,168)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(68,062)	
Intergovernmental	95,322	
Total		27,260
Repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	755,000	
Tax anticipation note	240,000	
Capital leases	340,608	
Total		1,335,608
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	8,759	
Accreted interest on capital appreciation bonds	(535,681)	
Amortization of bond premiums	142,272	
Amortization of deferred charges	(77,546)	
Total		(462,196)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		2,197,297
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(1,914,985)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(69,885)
Change in net position of governmental activities	\$	3,023,727

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 9,825,853	\$ 9,855,474	\$ 9,909,674	\$ 54,200
Payment in lieu of taxes	66,026	66,026	66,026	-
Tuition.	561,000	561,000	485,946	(75,054)
Transportation fees.	40,000	40,000	44,660	4,660
Earnings on investments	8,600	8,600	10,469	1,869
Rental income	193,000	193,000	215,672	22,672
Contract services.	4,000	4,000	3,941	(59)
Other local revenues	33,474	33,474	11,605	(21,869)
Intergovernmental - state	17,688,512	17,690,312	18,063,403	373,091
Intergovernmental - federal	200,000	200,000	419,974	219,974
Total revenues	<u>28,620,465</u>	<u>28,651,886</u>	<u>29,231,370</u>	<u>579,484</u>
Expenditures:				
Current:				
Instruction:				
Regular	9,541,328	9,579,862	9,292,944	286,918
Special.	4,429,912	4,459,055	4,378,078	80,977
Vocational.	266,803	273,033	276,157	(3,124)
Other.	2,650,673	2,578,582	2,915,714	(337,132)
Support services:				
Pupil.	1,592,165	1,617,502	1,562,274	55,228
Instructional staff	1,025,513	1,051,985	992,727	59,258
Board of education	104,592	108,864	106,939	1,925
Administration.	2,070,967	2,079,116	2,104,244	(25,128)
Fiscal	659,256	678,865	671,452	7,413
Business	243,521	261,073	267,271	(6,198)
Operations and maintenance.	2,609,397	2,621,475	2,530,785	90,690
Pupil transportation	1,411,062	1,451,912	1,599,244	(147,332)
Central.	443,312	405,758	372,965	32,793
Extracurricular activities.	539,753	538,832	532,984	5,848
Facilities acquisition and construction	78	-	45,099	(45,099)
Total expenditures	<u>27,588,332</u>	<u>27,705,914</u>	<u>27,648,877</u>	<u>57,037</u>
Excess of revenues over expenditures.	<u>1,032,133</u>	<u>945,972</u>	<u>1,582,493</u>	<u>636,521</u>
Other financing sources (uses):				
Refund of prior year's expenditures	25,000	25,000	54,975	29,975
Transfers (out).	(243,000)	(273,000)	(287,219)	(14,219)
Advances in.	150,000	150,000	100,000	(50,000)
Advances (out)	(150,000)	(150,000)	(100,000)	50,000
Sale of capital assets	2,000	2,000	4,450	2,450
Total other financing sources (uses)	<u>(216,000)</u>	<u>(246,000)</u>	<u>(227,794)</u>	<u>18,206</u>
Net change in fund balance	816,133	699,972	1,354,699	654,727
Fund balance at beginning of year	1,276,537	1,276,537	1,276,537	-
Prior year encumbrances appropriated . .	31,494	31,494	31,494	-
Fund balance at end of year	<u>\$ 2,124,164</u>	<u>\$ 2,008,003</u>	<u>\$ 2,662,730</u>	<u>\$ 654,727</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Private-Purpose Trust	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and investments	\$ 53,536	\$ 74,246
Cash and investments in segregated accounts	792,129	-
Receivables:		
Accrued interest	1,300	-
Notes	460,790	-
Total assets	<u>1,307,755</u>	<u>\$ 74,246</u>
Liabilities:		
Accounts payable	-	\$ 972
Due to students	-	64,388
Undistributed monies	-	8,886
Total liabilities	<u>-</u>	<u>\$ 74,246</u>
Net position:		
Held in trust for scholarships	<u>1,307,755</u>	
Total net position	<u>\$ 1,307,755</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 7,015
Gifts and contributions	18,408
Total additions.	25,423
Deductions:	
Scholarships awarded	22,770
Change in net position	2,653
Net position at beginning of year.	1,305,102
Net position at end of year	\$ 1,307,755

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Ravenna City School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District employs 203 certified and 155 non-certified employees to provide services to approximately 2,467 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

JOINTLY GOVERNED ORGANIZATIONS

Maplewood Area Joint Vocational School

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Stark Portage Area Computer Consortium (SPARCC)

SPARCC is a jointly governed organization comprised of 28 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports SPARCC based upon a per pupil charge dependent upon the software package utilized. The SPARCC assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. SPARCC is governed by a board of directors chosen from the general membership of the SPARCC assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county in which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Stark County Education Services Center, which serves as fiscal agent, located at 2100 38th Street, NW, Canton, Ohio 44709. During the year ended June 30, 2016, the District paid \$85,530 to SPARCC for basic service charges.

RELATED ORGANIZATION

Reed Memorial Public Library (the "Library")

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

PUBLIC ENTITY RISK POOLS

Stark County Schools Council of Governments (the "COG")

The COG is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year term to serve as the Board of Directors. The assembly exercises control over the operation of the COG. All COG's revenues are generated from charges for services. The COG has a Health Benefits Program which is a shared risk pool comprised of various entities, most of which are school districts.

Ohio Schools Council Association

The Ohio Schools Council Association (the "Council") is a jointly governed organization comprised of one-hundred-ninety-nine school districts, joint vocational school districts, educational service centers and county boards of developmental disability. The mission of the Council is to identify, plan and provide services to member districts that can be more effectively achieved by cooperative endeavors of member districts than by an individual district operating on its own. Each district supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position 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 position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The effect of interfund activity within governmental type activity columns has been removed from these statements.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the 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 District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - During the year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

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

GOVERNMENTAL FUNDS

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following is the District's major governmental fund:

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

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, not reported in the permanent improvement fund, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects, and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

FIDUCIARY FUNDS

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

C. Measurement Focus

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

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 deferred outflows and current liabilities and current deferred inflows 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., expenditure 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.

The private purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations. Neither of the fiduciary fund types is included in the government-wide financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 on the fund financial statements. Fiduciary funds also use the accrual basis of accounting.

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 District, available means expected to be received within sixty days of the fiscal year-end.

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Note 13 for deferred outflows of resources related the District's net pension liability. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents unavailables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Note 13 for deferred inflows of resources related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool, except for certain trust fund monies that have been separately invested. Individual fund integrity is maintained through District records. Each funds' interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

The District has a segregated portion of the internal investment pool cash balances which is held in separate investment accounts pursuant to trust agreements. The balances of these segregated investment accounts are reported as "cash and investments in segregated accounts" on the financial statements.

The District has certain depository accounts that are held separate from the internal investment pool. The balance of these segregated depository accounts is reported as "cash in segregated accounts" on the financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

During fiscal year 2016, investments were limited to negotiable certificates of deposit and U.S. government money market mutual funds. These investments are reported at fair value which is based on quoted market prices.

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

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2016 amounted to \$10,469, which includes \$3,377 assigned from other District funds.

F. Bond Premium/Accounting Gain or Loss

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources on the statement of net position.

G. Capital Assets

General capital assets are those assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, 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 District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except land 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>Useful Lives</u>
Land Improvements	20 Years
Buildings and Improvements	10 - 50 Years
Furniture and Equipment	5 - 20 Years
Vehicles	8 Years

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method. Fund balance has been presented as nonspendable equal to the balance of the materials and supplies inventory at fiscal year-end. Inventory consists of expendable supplies held for consumption.

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's 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 District's past experience of making termination payments.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2016, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

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, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds, notes, and capital leases are recognized as a liability on the fund financial statements when due.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for preschool/child care operations.

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

L. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the 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 classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

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 District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the 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 District for specific purposes, but do not meet the criteria to be classified as restricted nor 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 District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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 year 2016.

O. Estimates

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

P. Budgetary Data

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2016.

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

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

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

R. Fair Market Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2016, the District has implemented GASB Statement No. 72, "*Fair Value Measurement and Application*", GASB Statement No. 73 "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", GASB Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*", and GASB Statement No. 79, "*Certain External Investment Pools and Pool Participants*".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the District.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the District.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2016 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 83,399
Public school preschool	3,627
IDEA Part-B preschool	417
Improving teacher quality	2,003

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation 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 any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. 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 that 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 items (1) and (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 Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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 District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash and Investments in Segregated Accounts

At year-end, the District had \$5,202 in cash held in depository accounts separate from the District's internal investment pool. This amount is reported as "cash in segregated accounts" on the statement of net position and on the balance sheet. This amount is included in "Deposits with Financial Institutions" below.

At year-end, the District had \$792,129 in cash and investments held in separate investment accounts pursuant to trust agreements. This amount is reported as "cash and investments in segregated accounts" on the statement of fiduciary net position. The balances of these investments are included in "Investments" below.

B. Deposits with Financial Institutions

At June 30, 2016, the carrying amount of all District deposits, including cash in segregated accounts, was \$4,490,591. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2016, \$4,627,872 of the District's bank balance of \$4,878,066 was exposed to custodial risk as discussed below, while \$250,194 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

As of June 30, 2016, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater Than 24 months
Negotiable CD's	\$ 368,409	\$ 105,146	\$ -	\$ 154,498	\$ -	\$ 108,765
U.S. Government money market mutual funds	441,505	441,505	-	-	-	-
Total	\$ 809,914	\$ 546,651	\$ -	\$ 154,498	\$ -	\$ 108,765

The District's investments in federal agency securities, negotiable certificates of deposit, commercial paper and U.S. Treasury notes are valued using quoted market prices (Level 1 inputs).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits investment portfolio maturities to five years or less. State statute requires that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: Standard & Poor's has assigned the U.S. Government Money Market an AAAM money market rating. The negotiable CD's were covered by the FDIC. The District's investment policy does not address investment credit risk beyond the requirements of State statutes.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code. Requirements in State statute prohibit payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board or qualified trustee.

Concentration of Credit Risk: The District places no dollar limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2016:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Negotiable CD's	\$ 368,409	45.49
U.S. Government money market mutual funds	<u>441,505</u>	<u>54.51</u>
Total	<u>\$ 809,914</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2016:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,490,591
Investments	<u>809,914</u>
Total	<u>\$ 5,300,505</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 4,380,594
Private-purpose trust funds	845,665
Agency funds	<u>74,246</u>
Total	<u>\$ 5,300,505</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2016, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	\$ 327,759
 <u>Transfers from nonmajor governmental funds to:</u>	
Nonmajor governmental funds	<u>223,843</u>
 Total	 <u>\$ 551,602</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The District transferred \$223,843 from the permanent improvement fund (a nonmajor governmental fund) to the debt service fund (a nonmajor governmental fund) for the repayment of the tax anticipation notes. Interfund transfers between governmental funds are eliminated on the government-wide financial statements. All transfers were in compliance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2016 represent the collection of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed values as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2016 represent the collection of calendar year 2015 taxes. Public utility real and personal property taxes received in calendar year 2016 became a lien on December 31, 2014, were levied after April 1, 2015, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Portage County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available as an advance at June 30, 2016 was \$1,948,356 in the general fund, \$196,126 in the bond retirement fund (a nonmajor governmental fund) and \$85,073 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2015 was \$1,065,216 in the general fund, \$105,993 in the bond retirement fund (a nonmajor governmental fund) and \$45,592 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2016 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 inflows.

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

The assessed values upon which the fiscal year 2016 taxes were collected are:

	2015 Second Half Collections		2016 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 299,510,350	96.05	\$ 300,694,190	95.86
Public utility personal	<u>12,320,230</u>	<u>3.95</u>	<u>12,983,620</u>	<u>4.14</u>
Total	<u>\$ 311,830,580</u>	<u>100.00</u>	<u>\$ 313,677,810</u>	<u>100.00</u>
 Tax rate per \$1,000 of assessed valuation	 \$65.99		 \$65.97	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2016 consisted of property taxes, payments in lieu of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. 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.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	\$ 12,032,318
Payment in lieu of taxes	31,189
Accounts	4,818
Intergovernmental	311,541
Accrued interest	<u>21</u>
Total	<u>\$ 12,379,887</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 8 - NOTES RECEIVABLE

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

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

At the close of fiscal year 2016, there were 38 former students with a total principal loan balance outstanding of \$460,790.

NOTE 9 - CAPITAL ASSETS

Governmental capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance <u>07/01/2015</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/16</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 74,984	\$ -	\$ -	\$ 74,984
Total capital assets, not being depreciated	<u>74,984</u>	<u>-</u>	<u>-</u>	<u>74,984</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	6,019,419	-	-	6,019,419
Buildings and improvements	45,991,855	-	-	45,991,855
Furniture and equipment	1,787,307	86,694	-	1,874,001
Vehicles	1,259,490	219,565	(167,361)	1,311,694
Total capital assets, being depreciated	<u>55,058,071</u>	<u>306,259</u>	<u>(167,361)</u>	<u>55,196,969</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(3,032,560)	(209,731)	-	(3,242,291)
Buildings and improvements	(10,606,359)	(979,807)	-	(11,586,166)
Furniture and equipment	(956,845)	(159,639)	-	(1,116,484)
Vehicles	(822,247)	(107,250)	167,361	(762,136)
Total accumulated depreciation	<u>(15,418,011)</u>	<u>(1,456,427)</u>	<u>167,361</u>	<u>(16,707,077)</u>
Total capital assets, being depreciated, net	<u>39,640,060</u>	<u>(1,150,168)</u>	<u>-</u>	<u>38,489,892</u>
Governmental activities capital assets, net	<u>\$ 39,715,044</u>	<u>\$ (1,150,168)</u>	<u>\$ -</u>	<u>\$ 38,564,876</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 692,683
<u>Support services:</u>	
Pupil	53,081
Instructional staff	43,063
Board of Education	3,639
Administration	73,005
Fiscal	22,849
Business	11,133
Operations and maintenance	103,888
Pupil transportation	152,740
Central	15,796
Food service operations	56,135
Extracurricular	<u>228,415</u>
Total depreciation expense	<u>\$ 1,456,427</u>

NOTE 10 - CAPITALIZED LEASES

In prior fiscal years, the District entered into capitalized leases for equipment, buses and for a stadium. These leases meet the criteria of a capital lease as defined by generally accepted accounting principles, in that they transfer the benefits and risks of ownership to the lessee. The stadium has been capitalized in the amount of \$5,640,462, the buses for \$398,697 and the equipment for \$125,078. This amount represents the present value of the minimum lease payments at the time of the acquisition.

The stadium capital lease is being retired from the bond retirement fund (a nonmajor governmental fund) and the bus capital lease and equipment lease are being retired from the general fund. The capital lease payments are reflected as debt service expenditures in the statement of revenues, expenditures and changes in fund balances. A corresponding liability is recorded in the statement of net position. Principal payments in the 2016 fiscal year totaled \$120,608 paid from the general fund for the bus capital lease and equipment lease and \$220,000 paid from the bond retirement fund (a nonmajor governmental fund) for the stadium capital lease.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 10 - CAPITALIZED LEASES - (Continued)

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2016.

<u>Fiscal Year Ending June 30.</u>	<u>Governmental Activities</u>
2017	\$ 382,479
2018	343,289
2019	260,616
2020	264,468
2021	269,184
2022 - 2024	<u>410,894</u>
	1,930,930
Less: amount representing interest	<u>(105,052)</u>
Present value of minimum lease payments	<u><u>\$ 1,825,878</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 11 - LONG-TERM OBLIGATIONS

During fiscal year 2016, the following changes occurred in governmental activities long-term obligations.

	Balance Outstanding <u>06/30/15</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/16</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
General obligation bonds					
Series 2003 energy conservation	\$ 145,000	\$ -	\$ (35,000)	\$ 110,000	\$ 35,000
Series 2006 school improvement:					
Current interest bonds	445,000	-	(445,000)	-	-
Premium	25,750	-	(25,750)	-	-
Series 2007 school improvement:					
Current interest bonds	1,280,000	-	-	1,280,000	60,000
Capital appreciation bonds	14,306	-	(14,306)	-	-
Accretion capital appreciation bonds	36,627	4,067	(40,694)	-	-
Series 2012 school improvement refunding:					
Current interest bonds	6,305,000	-	-	6,305,000	-
Capital appreciation bonds	84,326	-	(18,614)	65,712	43,176
Accretion capital appreciation bonds	350,246	344,836	(116,386)	578,696	379,266
Premium	1,115,426	-	(71,963)	1,043,463	-
Series 2013 school improvement refunding:					
Current interest bonds	5,385,000	-	-	5,385,000	-
Capital appreciation bonds	84,986	-	(25,335)	59,651	16,743
Accretion capital appreciation bonds	143,661	186,778	(59,665)	270,774	51,446
Premium	824,347	-	(44,559)	779,788	-
Total general obligation bonds	<u>16,239,675</u>	<u>535,681</u>	<u>(897,272)</u>	<u>15,878,084</u>	<u>585,631</u>
Capital lease obligations	2,166,486	-	(340,608)	1,825,878	351,561
Tax anticipation note	2,115,000	-	(240,000)	1,875,000	250,000
Net pension liability	36,022,252	4,452,123	-	40,474,375	-
Compensated absences	<u>1,724,631</u>	<u>97,646</u>	<u>(430,811)</u>	<u>1,391,466</u>	<u>53,722</u>
Total long-term obligations, governmental activities	<u>\$ 58,268,044</u>	<u>\$ 5,085,450</u>	<u>\$ (1,908,691)</u>	<u>\$ 61,444,803</u>	<u>\$ 1,240,914</u>

Energy Conservations Bonds

On November 1, 2003, the District issued \$425,000 in general obligation bonds for the purpose of providing energy conservation measures for the District, under authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The bonds were issued for a fifteen year period with final maturity during fiscal year 2019. The bonds bear an interest rate ranging from 3.50-4.40 percent. The bonds are being retired from the bond retirement fund (a nonmajor governmental fund).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Series 2006 School Improvement Bonds

On June 21, 2006, the District issued \$14,499,559 in general obligation bonds for improvements to the schools. During fiscal year 2013, a portion of the series 2006 general obligation bonds was refunded in the amount of \$12,190,000. The remaining balance of series 2006 current interest bonds matured in January 2016 with interest rates ranging from 4.00-5.00%. These bonds were issued with a premium of \$720,982, of which \$463,488 was netted against deferred outflow of the refunding bonds, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. \$25,750 was amortized during the fiscal year.

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

Series 2007 Improvement Bonds

On April 4, 2007, the District issued \$1,615,425 in general obligation bonds for improvements to the schools. The bonds mature in January 2032.

The bond issue consists of serial and capital appreciation bonds. These bonds are not subject to early redemption. The bonds are being retired from the bond retirement fund (a nonmajor governmental fund).

These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as principal liability. During fiscal year 2016, the last remaining capital appreciation bond matured at an accreted value of \$55,000.

Series 2012 School Improvement Refunding Bonds

On December 12, 2012, the District issued general obligation bonds (series 2012 refunding bonds) to refund \$6,550,000 of the series 2006 general obligation current interest bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The refunding issue is comprised of both current interest bonds, par value \$6,430,000, and capital appreciation bonds par value \$119,990. The interest rates on the current interest bonds range from 1.00%-3.00%. The remaining capital appreciation bonds mature each January 15, 2016 through 2018 (stated interest rate 76.84%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the remaining capital appreciation bonds is \$1,335,000. Total accreted interest of \$578,696 for Series 2012 capital appreciation bonds has been included on the statement of net position at June 30, 2016. Principal and interest payments are made from the bond retirement fund (a nonmajor governmental fund).

Interest payments on the current interest bonds are due on January 15 and July 15 of each year. The final maturity stated in the issue is January 15, 2031.

The reacquisition price exceeded the net carrying amount of the old debt by \$892,451. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued, as a deferred outflow of resources on the statement of net position.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Series 2013 School Improvement Refunding Bonds

On January 9, 2013, the District issued general obligation bonds (series 2013 refunding bonds) to refund \$5,640,000 of the series 2006 general obligation current interest bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The refunding issue is comprised of both current interest bonds, par value \$5,555,000, and capital appreciation bonds par value \$84,986. The interest rates on the current interest bonds range from 1.00%-3.25%. The capital appreciation bonds mature each January 15, 2016 through 2022 (stated interest rate 46.03%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,175,000. Total accreted interest of \$270,774 for Series 2013 capital appreciation bonds has been included on the statement of net position at June 30, 2016. Principal and interest payments are made from the bond retirement fund.

Interest payments on the current interest bonds are due on January 15 and July 15 of each year. The final maturity stated in the issue is January 15, 2034.

The reacquisition price exceeded the net carrying amount of the old debt by \$592,068. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued, as a deferred outflow of resources on the statement of net position.

Capital lease Obligations

See Note 10 for further detail on the District's capital lease obligations.

Tax Anticipation Notes

On June 26, 2012, the District issued a \$1,585,000 permanent improvement tax anticipation notes to fund capital projects. The note bears an interest rate of 1.95%. Payments of principal are due annually on December 1 and payments of interest are due each June 1 and December 1. The stated maturity on the note is December 1, 2022. The note will be retired from the bond retirement fund (a nonmajor governmental fund).

On July 15, 2013, the District issued a \$1,000,000 permanent improvement tax anticipation note to fund capital projects. The note bears an interest rate of 3.10%. Payments of principal are due annually on December 1 and payments of interest are due each June 1 and December 1. The stated maturity on the note is December 1, 2022. The note will be retired from the bond retirement fund (a nonmajor governmental fund).

Compensated Absences

Compensated absences will be paid from the funds which the employee's salaries are paid, which is primarily the general fund.

Net Pension Liability

See Note 13 for details.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Future Debt Service Requirements

Principal and interest requirements to retire general obligation bonds and tax anticipation note outstanding at June 30, 2016 are as follows:

Fiscal Year	Current Interest Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Accretion
<u>Ending June 30</u>				
2017	\$ 60,000	\$ 344,500	\$ 59,919	\$ 625,081
2018	60,000	342,102	33,601	651,399
2019	665,000	339,702	7,312	77,688
2020	680,000	328,100	4,832	80,168
2021	695,000	313,202	3,194	81,806
2022 - 2026	3,430,000	1,362,967	16,505	648,495
2027 - 2031	4,645,000	856,509	-	-
2032 - 2034	2,735,000	177,184	-	-
Total	<u>\$ 12,970,000</u>	<u>\$ 4,064,266</u>	<u>\$ 125,363</u>	<u>\$ 2,164,637</u>
Fiscal Year	Tax Anticipation Notes		Energy Conservation Bond	
	Principal	Interest	Principal	Interest
<u>Ending June 30</u>				
2017	\$ 250,000	\$ 42,565	\$ 35,000	\$ 4,070
2018	255,000	36,436	35,000	2,530
2019	260,000	30,179	40,000	880
2020	270,000	23,801	-	-
2021	270,000	17,182	-	-
2022 - 2023	570,000	14,040	-	-
Total	<u>\$ 1,875,000</u>	<u>\$ 164,203</u>	<u>\$ 110,000</u>	<u>\$ 7,480</u>

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2016, are a voted debt margin of \$15,759,504 (including available funds of \$623,864), an unvoted debt margin of \$313,678, and an unvoted conservation debt margin of \$2,713,100.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 12 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District has a property and fleet insurance, liability insurance and inland marine coverage policies through private insurance carriers. The deductibles for the property insurance are \$5,000. The deductibles for the fleet insurance and inland marine coverage vary from \$0 to \$1,000 depending on the incident.

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

B. Workers' Compensation

The District pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per \$100 of salaries. The District is a member of the Sheakley group retrospective rating program, an insurance purchasing pool. This rate is calculated based on accident history and administrative costs.

C. Employee Medical Benefits

The District has contracted with the Stark County Schools Council of Governments Health Benefits Program (COG) to provide employee medical/surgical and dental benefits. The Stark County Schools Council of Governments Health Benefits Programs is a shared risk pool comprised of school districts. Rates are set through an annual calculation process. The District pays a monthly contribution which is paid to a common fund from which claim payments are made for all participants regardless of claim flow. The Board of Directors has the right to return monies to an exiting school district subsequent to the settlements of all expenses and claims. The District pays premiums of \$1,369.23 for family coverage and \$563.70 for single coverage per employee per month.

The COG historically employs two monthly premium holidays per year based on positive claims experience. The holidays represent a savings of approximately \$400,000 per holiday.

Dental insurance is also provided through the Stark County Schools Council of Governments Health Benefits Program. Premiums for dental coverage are \$193.18 for family coverage and \$78.36 for single coverage per employee per month.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description –District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. 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 Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$574,270 for fiscal year 2016. Of this amount, \$36,257 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description –District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$1,623,027 for fiscal year 2016. Of this amount, \$271,394 is reported as pension and postemployment benefits payable.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$7,753,330	\$32,721,045	\$40,474,375
Proportion of the Net Pension Liability	0.13587800%	0.11839547%	
Pension Expense	\$480,105	\$1,434,880	\$1,914,985

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$125,218	\$1,493,920	\$1,619,138
District contributions subsequent to the measurement date	<u>574,270</u>	<u>1,623,027</u>	<u>2,197,297</u>
Total Deferred Outflows of Resources	<u>\$699,488</u>	<u>\$3,116,947</u>	<u>\$3,816,435</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$261,224	\$2,396,564	\$2,657,788
Changes in proportionate share	<u>26,963</u>	<u>279,286</u>	<u>306,249</u>
Total Deferred Inflows of Resources	<u>\$288,187</u>	<u>\$2,675,850</u>	<u>\$2,964,037</u>

\$2,197,297 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2017	(\$103,421)	(\$614,558)	(\$717,979)
2018	(103,421)	(614,558)	(717,979)
2019	(103,422)	(614,557)	(717,979)
2020	<u>147,295</u>	<u>661,743</u>	<u>809,038</u>
Total	<u>(\$162,969)</u>	<u>(\$1,181,930)</u>	<u>(\$1,344,899)</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22.00 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	<u>15.00</u>	7.50
 Total	 <u><u>100.00 %</u></u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$10,751,083	\$7,753,330	\$5,228,975

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS’ investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	3.00
Total	<u>100.00 %</u>	

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$45,452,000	\$32,721,045	\$21,955,124

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. 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, number of qualified years of service, Medicare eligibility and retirement status.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2016, the District's surcharge obligation was \$67,027.

The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$67,027, \$102,269, and \$73,103, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

B. State Teachers Retirement System

Plan Description – The District participates in 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 law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS 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. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$128,123, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

NOTE 15 - OTHER EMPLOYEE BENEFITS

A. Life Insurance

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

B. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, Administrators, and Classified employees earn sick leave at a rate of one and one-quarter days per month. Upon retirement, payment is made for one-fourth of accrued days. Severance days paid for classified employees are dependent on their years of experience.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 15 - OTHER EMPLOYEE BENEFITS - (Continued)

C. Personal and Sick Leave Incentive

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

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 1,354,699
Net adjustment for revenue accruals	790,757
Net adjustment for expenditure accruals	709,850
Net adjustment for other sources/uses	(99,965)
Funds budgeted elsewhere	(272)
Adjustment for encumbrances	80,356
GAAP basis	\$ 2,835,425

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The public school support fund is legally budgeted as a separate special revenue fund but is considered part of the general fund on a GAAP basis.

NOTE 17 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement 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 District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is not party to legal proceedings which, in the opinion of District management, will have a material effect, if any, on the financial condition of the District.

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE had released four adjustments to Foundation revenue that was applicable to the District. The first adjustment was \$26, which is recorded as an intergovernmental receivable on the statement of net position. The second adjustment was \$65,458, which is recorded as an intergovernmental payable on the statement of net position. The third adjustment was \$68,687, which is recorded as an intergovernmental payable on the statement of net position. The fourth adjustment was \$10,332, which is recorded as an intergovernmental payable on the statement of net position.

NOTE 18 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance to the extent of available fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 67,174
Other governmental	<u>23,877</u>
Total	<u>\$ 91,051</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 19 - OPERATING LEASE

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

NOTE 20 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2015	\$ -
Current year set-aside requirement	440,441
Current year offsets	<u>(482,962)</u>
Total	<u>\$ (42,521)</u>
Balance carried forward to fiscal year 2017	<u>\$ -</u>
Set-aside balance June 30, 2016	<u>\$ -</u>

NOTE 21 - SIGNIFICANT SUBSEQUENT EVENT

Effective August 1, 2016, Lisa Crescimano became the Interim Treasurer, replacing Phillip Butto. During the October 24, 2016 board meeting, it was announced that effective December 1, 2016, David Hoskin will become the Treasurer, replacing Lisa Crescimano.

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REQUIRED SUPPLEMENTARY INFORMATION

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST THREE FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.13587800%	0.13658100%	0.13658100%
District's proportionate share of the net pension liability	\$ 7,753,330	\$ 6,912,287	\$ 8,122,034
District's covered-employee payroll	\$ 4,090,637	\$ 3,968,788	\$ 3,957,717
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	189.54%	174.17%	205.22%
Plan fiduciary net position as a percentage of the total pension liability	69.16%	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST THREE FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.11839547%	0.11967855%	0.11967855%
District's proportionate share of the net pension liability	\$ 32,721,045	\$ 29,109,965	\$ 34,675,600
District's covered-employee payroll	\$ 12,479,121	\$ 12,227,846	\$ 13,047,923
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	262.21%	238.06%	265.76%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 574,270	\$ 539,146	\$ 550,074	\$ 547,748
Contributions in relation to the contractually required contribution	<u>(574,270)</u>	<u>(539,146)</u>	<u>(550,074)</u>	<u>(547,748)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
District's covered-employee payroll	\$ 4,101,929	\$ 4,090,637	\$ 3,968,788	\$ 3,957,717
Contributions as a percentage of covered-employee payroll	14.00%	13.18%	13.86%	13.84%

2012	2011	2010	2009	2008	2007
\$ 558,635	\$ 548,730	\$ 617,915	\$ 434,177	\$ 425,165	\$ 474,768
<u>(558,635)</u>	<u>(548,730)</u>	<u>(617,915)</u>	<u>(434,177)</u>	<u>(425,165)</u>	<u>(474,768)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,153,420	\$ 4,365,394	\$ 4,563,626	\$ 4,412,368	\$ 4,329,582	\$ 4,445,393
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 1,623,027	\$ 1,747,077	\$ 1,589,620	\$ 1,696,230
Contributions in relation to the contractually required contribution	<u>(1,623,027)</u>	<u>(1,747,077)</u>	<u>(1,589,620)</u>	<u>(1,696,230)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
District's covered-employee payroll	\$ 11,593,050	\$ 12,479,121	\$ 12,227,846	\$ 13,047,923
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.00%	13.00%

2012	2011	2010	2009	2008	2007
\$ 1,779,316	\$ 1,765,659	\$ 1,762,772	\$ 1,707,891	\$ 1,695,074	\$ 1,670,549
<u>(1,779,316)</u>	<u>(1,765,659)</u>	<u>(1,762,772)</u>	<u>(1,707,891)</u>	<u>(1,695,074)</u>	<u>(1,670,549)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 13,687,046	\$ 13,581,992	\$ 13,559,785	\$ 13,137,623	\$ 13,039,031	\$ 12,850,377
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal years 2014-2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal years 2014-2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

SUPPLEMENTAL INFORMATION

**RAVENNA CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Child Nutrition Grant Cluster:			
(D) (E) School Breakfast Program	10.553	2016	\$ 366,554
(D) (E) National School Lunch Program	10.555	2016	792,674
(C) (D) National School Lunch Program - Food Donation	10.555	2016	40,412
Total National School Lunch Program			833,086
Total Child Nutrition Grant Cluster			1,199,640
School Food Equipment Grant	10.579	2016	5,000
Total U.S. Department of Agriculture			1,204,640
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Title I Grants to Local Educational Agencies	84.010	2015	99,615
Title I Grants to Local Educational Agencies	84.010	2016	870,700
Total Title I Grants to Local Educational Agencies			970,315
Special Education Grant Cluster:			
(F) Special Education_Grants to States	84.027	2015	45,833
(F) Special Education_Grants to States	84.027	2016	574,071
Total Special Education _Grants to States			619,904
(F) Special Education_Preschool Grants	84.173	2016	17,162
Total Special Education Grant Cluster			637,066
Improving Teacher Quality State Grants	84.367	2015	21,955
Improving Teacher Quality State Grants	84.367	2016	121,405
Total Improving Teacher Quality State Grants			143,360
Total U.S. Department of Education			1,750,741
Total Federal Financial Assistance			\$ 2,955,381

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

- (A) OAKS did not assign pass-through numbers for fiscal year 2016.
- (B) This schedule includes the federal award activity of the Ravenna City School District under programs of the federal government for the fiscal year ended June 30, 2016 and is prepared in accordance with the cash basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Ravenna City School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Ravenna City School District.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (D) Included as part of "Child Nutrition Grant Cluster" in determining major programs.
- (E) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (F) Included as part of "Special Education Grant Cluster" in determining major programs.
- (G) CFR 200.414 allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The District has not elected to use the 10% de minimus indirect cost rate.



Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Ravenna City School District
Portage County
507 East Main Street
Ravenna, Ohio 44266

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Ravenna City School District, Portage County, Ohio, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Ravenna City School District's basic financial statements and have issued our report thereon dated November 22, 2016.

Internal Control Over Financial Reporting

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

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

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

Board of Education
Ravenna City School District

Compliance and Other Matters

As part of reasonably assuring whether the Ravenna City School 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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
November 22, 2016



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Compliance With Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Ravenna City School District
Portage County
507 East Main Street
Ravenna, Ohio 44266

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Ravenna City School District's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Ravenna City School District's major federal program for the fiscal year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Ravenna City School District's major federal program.

Management's Responsibility

The Ravenna City School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Ravenna City School District's compliance for the Ravenna City School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Ravenna City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Board of Education
Ravenna City School District

Opinion on the Major Federal Program

In our opinion, the Ravenna City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
November 22, 2016

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2016**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §.200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Child Nutrition Grant Cluster
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

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Dave Yost • Auditor of State

RAVENNA CITY SCHOOL DISTRICT

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 24, 2017**