



Dave Yost • Auditor of State



**ROOTSTOWN LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rootstown Local School District, Portage County, Ohio (the "District"), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Rootstown Local School District, Portage County, Ohio, as of June 30, 2012, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

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



**Dave Yost**  
Auditor of State

December 21, 2012

**Rootstown Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
*(Unaudited)*

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The discussion and analysis of the Rootstown Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key financial highlights for 2012 are as follows:

- Net assets increased \$1.2 million, which represents a 34 percent increase from 2011.
- Capital assets increased \$419,583 during fiscal year 2012.
- During the year, Energy Conservation Notes of \$250,000 were issued in anticipation of the issuance of bonds to pay costs of installations, modifications and remodeling of school buildings to conserve energy.

***Using this Annual Report***

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

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School 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 School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Rootstown Local School District, the general fund is by far the most significant fund.

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

*Statement of Net Assets and the Statement of Activities*

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2012?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Rootstown Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
(Unaudited)

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

In the *Statement of Net Assets* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and non instructional services, i.e., food service operations.

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

*Fund Financial Statements*

The major funds financial statements begin on page 13. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental funds are the general fund and the permanent improvement fund.

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

***Reporting the School District's Fiduciary Responsibilities***

The School District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Statements of Changes in Fiduciary Net Assets on pages 18 and 19. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.



**Rootstown Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
*(Unaudited)*

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2012 compared to 2011:

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

	Governmental Activities	
	2012	2011
<b>Assets</b>		
Current and Other Assets	\$ 8,933,779	\$ 7,133,240
Capital Assets	2,887,770	2,468,187
<i>Total Assets</i>	11,821,549	9,601,427
<b>Liabilities</b>		
Other Liabilities	6,615,153	5,807,481
Long-Term Liabilities	692,516	431,910
<i>Total Liabilities</i>	7,307,669	6,239,391
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	2,637,770	2,468,187
Restricted	1,007,973	961,071
Unrestricted	868,137	(67,222)
<i>Total Net Assets</i>	\$ 4,513,880	\$ 3,362,036

At year end, capital assets represented 24.43 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles, and library and text books. Capital assets, net of related debt were \$2,637,770 at June 30, 2012. These capital assets are used to provide services to students and are not available for future spending. Although the School 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 School District's net assets, \$1,007,973 or 22.33 percent, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net assets of \$868,137 may be used to meet the government's ongoing obligations to students and creditors.

Current and other assets increased \$1.8 million from fiscal year 2011. Most of this increase is due to property taxes increasing \$1 million over 2011. The taxes receivable increase was the result of a new emergency levy passed by voters in August 2011 and the cash increase was primarily the result of tax levy collections versus expenses in the general and permanent improvements capital project fund.

**Rootstown Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
(Unaudited)

Table 2 shows the changes in net assets for fiscal year 2012 and 2011.

**Table 2**  
**Changes in Net Assets**

	Governmental Activities	
	2012	2011
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 698,208	\$ 824,164
Operating Grants	820,881	1,189,048
<i>Total Program Revenues</i>	<u>1,519,089</u>	<u>2,013,212</u>
<i>General Revenues:</i>		
Property Taxes	5,436,155	4,285,790
Grants and Entitlements Not Restricted	5,148,298	5,141,658
Other	55,706	208,349
<i>Total General Revenues</i>	<u>10,640,159</u>	<u>9,635,797</u>
<i>Total Revenues</i>	<u>12,159,248</u>	<u>11,649,009</u>
<b>Program Expenses</b>		
<i>Instruction:</i>		
Regular	4,754,939	4,448,367
Special	1,078,319	1,078,550
Vocational	195,634	258,778
Student Intervention Services	3,932	0
Other	624,981	629,481
<i>Support Services:</i>		
Pupils	539,328	543,801
Instructional Staff	372,620	352,001
Board of Education	25,543	24,095
Administration	828,372	1,000,000
Fiscal	366,940	371,296
Business	13,631	10,943
Operation and Maintenance of Plant	762,487	987,963
Pupil Transportation	711,462	675,709
Central	811	0
<i>Operation of Non-Instructional Services:</i>		
Food Service Operations	362,012	347,664
Community Services	1,273	8,152
Extracurricular Activities	365,120	363,978
<i>Debt Service:</i>		
Interest and Fiscal Charges	0	3,159
<i>Total Expenses</i>	<u>11,007,404</u>	<u>11,103,937</u>
<i>Increase (Decrease) in Net Assets</i>	1,151,844	545,072
<i>Net Assets at Beginning of Year</i>	3,362,036	2,816,964
<i>Net Assets at End of Year</i>	<u>\$ 4,513,880</u>	<u>\$ 3,362,036</u>

Charges for services decreased \$125,956 over fiscal year 2011. The majority of the decrease was due to a decrease in extracurricular activities and a decrease in food service sales. Operating grants decreased \$368,167 through the loss of Education Jobs, ARRA and other federal grant money. Revenues in total

**Rootstown Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
*(Unaudited)*

increased \$510,239 or 4.38 percent over fiscal year 2011 as a result of increased property taxes from the new levy passed.

Expenses decreased \$96,533 or .87 percent over fiscal year 2011. There were no significant expenses that made up this decrease.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

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

	Total Cost of Service		Net Cost of Service	
	2012	2011	2012	2011
Instruction:				
Regular	\$ 4,754,939	\$ 4,448,367	\$ 4,052,139	\$ 3,660,417
Special	1,078,319	1,078,550	862,153	461,737
Vocational	195,634	258,778	195,634	258,778
Student Intervention Services	3,932	0	3,932	0
Other	624,981	629,481	624,981	629,481
Support Services:				
Pupils	539,328	543,801	539,328	543,801
Instructional Staff	372,620	352,001	368,908	352,001
Board of Education	25,543	24,095	25,543	24,095
Administration	828,372	1,000,000	820,645	956,226
Fiscal	366,940	371,296	362,309	371,296
Business	13,631	10,943	13,631	10,943
Operation and Maintenance of Plant	762,487	987,963	718,068	980,366
Pupil Transportation	711,462	675,709	667,745	675,709
Central	811	0	811	0
Operation of Non-Instructional Services:				
Food Service Operations	362,012	347,664	(43,708)	(49,430)
Community Services	1,273	8,152	(4,127)	1,327
Extracurricular Activities	365,120	363,978	280,323	210,819
Debt Service:				
Interest and Fiscal Charges	0	3,159	0	3,159
<i>Total Expenses</i>	<b>\$ 11,007,404</b>	<b>\$ 11,103,937</b>	<b>\$ 9,488,315</b>	<b>\$ 9,090,725</b>

The dependence upon general revenues for governmental activities is apparent. Eighty-six percent of governmental activities are supported through taxes and other general revenues; such revenues are 88 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

***Governmental Funds***

**Rootstown Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
*(Unaudited)*

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Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues, including other financing sources of \$12.2 million and expenditures of \$11.4 million for fiscal year 2012. The net change in fund balance for the fiscal year was an increase of \$.8 million for all governmental funds with the most significant increase in the general fund.

The general fund's net change in fund balance for fiscal year 2012 was an increase of \$.6 million. A \$1 million increase in tax revenue from a new emergency levy passed by voters in August 2011 which accounts for most of the \$.8 million increase in revenues over fiscal year 2011. Expenditures in fiscal year 2012 increased \$515,572 over the prior year partially due to the general fund paying some salaries paid by grants that expired in fiscal year 2011.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2012, the School District did amend its general fund budget a few times. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management

For the general fund, actual budget basis revenue was \$10,537,231, which was higher than the final budget basis revenue by \$40,484 due to an underestimation of intergovernmental and tax revenue.

Final appropriations of \$10,447,322 were \$142,995 higher than the actual expenditures of \$10,304,327, with the majority of the increase in regular instruction.

Original budget basis revenue of 9,209,882 was \$1,286,865 lower than final budget basis revenue of \$10,496,747. This was due to an underestimation of intergovernmental revenue.

Original budget appropriations of \$7,384,564 were \$3,062,758 lower than final budget appropriations of \$10,447,322, with the majority of the decrease in regular instruction, other instruction and operation and maintenance of plant.

**Rootstown Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
*(Unaudited)*

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2012, the School District had \$2.9 million invested in capital assets. Table 4 shows fiscal year 2012 balances compared with 2011.

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

	Governmental Activities	
	2012	2011
Land	\$ 779,700	\$ 779,700
Land Improvements	279,782	305,199
Buildings and Building Improvements	1,437,881	1,042,424
Furniture and Equipment	196,521	107,313
Vehicles	193,886	233,551
<i>Totals</i>	\$ 2,887,770	\$ 2,468,187

The \$419,583 increase in capital assets was attributable to additional purchases exceeding current depreciation and disposals. See Note 8 for more information about the capital assets of the School District.

**Debt**

At June 30, 2012, the School District had \$250,000 in debt outstanding. See Note 13 for additional details. Table 5 summarizes debt outstanding.

**(Table 5)**  
**Outstanding Debt at Year End**

	Governmental Activities	
	2012	2011
Energy Conservation Note, Series 2012	\$ 250,000	\$ 0

**Current Issues**

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

**Rootstown Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
*(Unaudited)*

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

The School District passed a \$1,045,000 Emergency levy (five years, 5.96 mills) on the August 2011 ballot providing financial stability for the foreseeable future. Unfortunately, there is currently no state funding formula so it is difficult to anticipate state funding at this time.

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

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

***Contacting the School District's Financial Management***

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Connie Baldwin, Treasurer of Rootstown Local School District, 4140 State Route 44, Rootstown, OH 44272 or [baldwin@rootstownsparcc.org](mailto:baldwin@rootstownsparcc.org).

**Rootstown Local School District**

*Statement of Net Assets*

*June 30, 2012*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 2,311,521
Receivables:	
Accounts	19,327
Intergovernmental	184,099
Property Taxes	6,418,832
Nondepreciable Capital Assets	779,700
Depreciable Capital Assets (Net)	<u>2,108,070</u>
<i>Total Assets</i>	<u>11,821,549</u>
<b>Liabilities</b>	
Accounts Payable	37,635
Accrued Wages and Benefits	889,166
Intergovernmental Payable	333,107
Accrued Vacation Leave Payable	44,285
Deferred Revenue	5,310,960
Long Term Liabilities:	
Due Within One Year	113,334
Due In More Than One Year	<u>579,182</u>
<i>Total Liabilities</i>	<u>7,307,669</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	2,637,770
Restricted For:	
Capital Outlay	603,239
Debt Service	39,001
Other Purposes	365,733
Unrestricted	<u>868,137</u>
<i>Total Net Assets</i>	<u>\$ 4,513,880</u>

See accompanying notes to the basic financial statements.

**Rootstown Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$ 4,754,939	\$ 390,149	\$ 312,651	\$ (4,052,139)
Special	1,078,319	0	216,166	(862,153)
Vocational	195,634	0	0	(195,634)
Student Intervention Services	3,932	0	0	(3,932)
Other	624,981	0	0	(624,981)
Support Services:				
Pupils	539,328	0	0	(539,328)
Instructional Staff	372,620	0	3,712	(368,908)
Board of Education	25,543	0	0	(25,543)
Administration	828,372	0	7,727	(820,645)
Fiscal	366,940	4,631	0	(362,309)
Business	13,631	0	0	(13,631)
Operation and Maintenance of Plant	762,487	0	44,419	(718,068)
Pupil Transportation	711,462	0	43,717	(667,745)
Central	811	0	0	(811)
Operation of Non-Instructional Services:				
Food Service Operations	362,012	223,542	182,178	43,708
Community Services	1,273	0	5,400	4,127
Extracurricular Activities	365,120	79,886	4,911	(280,323)
<b>Total</b>	<b>\$ 11,007,404</b>	<b>\$ 698,208</b>	<b>\$ 820,881</b>	<b>(9,488,315)</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	5,110,933
Debt Service	39,001
Capital Outlay	286,221
Grants and Entitlements Not Restricted to Specific Programs	5,148,298
Investment Earnings	2,795
Miscellaneous	52,911

*Total General Revenues*

10,640,159

*Change in Net Assets*

1,151,844

*Net Assets Beginning of Year*

3,362,036

*Net Assets End of Year*

\$ 4,513,880

See accompanying notes to the basic financial statements.



**Rootstown Local School District**

*Balance Sheet  
Governmental Funds  
June 30, 2012*

	<u>General Fund</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$ 1,406,761	\$ 548,955	\$ 355,805	\$ 2,311,521
Receivables:				
Accounts	765	0	18,562	19,327
Interfund	7,432	0	0	7,432
Intergovernmental	67,517	0	116,582	184,099
Property Taxes	6,039,357	317,466	62,009	6,418,832
<i>Total Assets</i>	<u>\$ 7,521,832</u>	<u>\$ 866,421</u>	<u>\$ 552,958</u>	<u>\$ 8,941,211</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 32,764	\$ 509	\$ 4,362	\$ 37,635
Accrued Wages and Benefits	823,766	0	65,400	889,166
Intergovernmental Payable	312,903	0	20,204	333,107
Interfund Payable	0	0	7,432	7,432
Deferred Revenue	5,691,580	295,759	141,042	6,128,381
<i>Total Liabilities</i>	<u>6,861,013</u>	<u>296,268</u>	<u>238,440</u>	<u>7,395,721</u>
<b>Fund Balances</b>				
Restricted	0	570,153	349,911	920,064
Assigned	169,948	0	0	169,948
Unassigned	490,871	0	(35,393)	455,478
<i>Total Fund Balances</i>	<u>660,819</u>	<u>570,153</u>	<u>314,518</u>	<u>1,545,490</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 7,521,832</u>	<u>\$ 866,421</u>	<u>\$ 552,958</u>	<u>\$ 8,941,211</u>

See accompanying notes to the basic financial statements.

**Rootstown Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2012*

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<b>Total Governmental Fund Balances</b>		\$ 1,545,490
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,887,770
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes	\$ 668,973	
Intergovernmental	<u>148,448</u>	817,421
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
Energy Conservation Notes	(250,000)	
Vacation Benefits	(44,285)	
Compensated Absences	<u>(442,516)</u>	<u>(736,801)</u>
<i>Net Assets of Governmental Activities</i>		<u><u>\$ 4,513,880</u></u>

See accompanying notes to the basic financial statements.

**Rootstown Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2012*

	General Fund	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property and Other Local Taxes	\$ 5,042,387	\$ 282,094	\$ 32,539	\$ 5,357,020
Intergovernmental	5,150,504	55,554	651,492	5,857,550
Investment Income	2,795	0	392	3,187
Tuition and Fees	366,509	0	0	366,509
Extracurricular Activities	1,352	0	78,534	79,886
Rentals	4,631	0	0	4,631
Charges for Services	0	0	245,211	245,211
Contributions and Donations	19,090	0	7,911	27,001
Miscellaneous	34,925	0	17,986	52,911
<i>Total Revenues</i>	<u>10,622,193</u>	<u>337,648</u>	<u>1,034,065</u>	<u>11,993,906</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,532,538	0	143,241	4,675,779
Special	867,003	0	214,605	1,081,608
Vocational	194,374	0		194,374
Student Intervention Services	2,429	0	1,503	3,932
Other	624,981	0		624,981
Support Services:				
Pupils	536,565	0	1,940	538,505
Instructional Staff	369,732	0	903	370,635
Board of Education	25,543	0		25,543
Administration	845,366	749	394	846,509
Fiscal	360,680	4,716	45	365,441
Business	13,631	0		13,631
Operation and Maintenance of Plant	988,632	213,370	41,308	1,243,310
Pupil Transportation	607,677	848	42,768	651,293
Central	811	0		811
Extracurricular Activities	267,159	509	86,804	354,472
Operation of Non-Instructional Services:				
Food Service Operations	0	0	360,075	360,075
Community Services	0	0	1,273	1,273
Capital Outlay	0	61,926	0	61,926
<i>Total Expenditures</i>	<u>10,237,121</u>	<u>282,118</u>	<u>894,859</u>	<u>11,414,098</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>385,072</u>	<u>55,530</u>	<u>139,206</u>	<u>579,808</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds of Energy Conservation Improvement Notes	250,000	0	0	250,000
<i>Total Other Financing Sources (Uses)</i>	<u>250,000</u>	<u>0</u>	<u>0</u>	<u>250,000</u>
<i>Net Change in Fund Balance</i>	635,072	55,530	139,206	829,808
<i>Fund Balances Beginning of Year</i>	<u>25,747</u>	<u>514,623</u>	<u>175,312</u>	<u>715,682</u>
<i>Fund Balances End of Year</i>	<u>\$ 660,819</u>	<u>\$ 570,153</u>	<u>\$ 314,518</u>	<u>\$ 1,545,490</u>

See accompanying notes to the basic financial statements.

**Rootstown Local School District**  
*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, 2012*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	829,808
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Asset Additions	\$ 563,298	
Current Year Depreciation	<u>(143,715)</u>	419,583
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	79,135	
Intergovernmental	<u>86,207</u>	165,342
 Energy Conservation Notes issued in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues.		
		(250,000)
 Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(10,606)	
Vacation Benefits Payable	<u>(2,283)</u>	<u>(12,889)</u>
 <i>Change in Net Assets of Governmental Activities</i>	 \$	 <u><u>1,151,844</u></u>

See accompanying notes to the basic financial statements.

**Rootstown Local School District**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 General Fund  
 For the Fiscal Year Ended June 30, 2012*

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<b>Revenues</b>				
Property and Other Local Taxes	\$ 6,439,368	\$ 4,998,395	\$ 5,012,962	\$ 14,567
Intergovernmental	2,624,448	5,120,001	5,150,504	30,503
Investment Income	1,078	3,508	2,795	(713)
Tuition and Fees	136,313	352,414	353,441	1,027
Extracurricular Activities	521	1,348	1,352	4
Rentals	1,491	3,855	3,866	11
Contributions and Donations	1,090	2,817	6,825	4,008
Miscellaneous	5,573	14,409	5,486	(8,923)
<i>Total Revenues</i>	<u>9,209,882</u>	<u>10,496,747</u>	<u>10,537,231</u>	<u>40,484</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	3,365,442	5,309,067	4,508,441	800,626
Special	578,082	773,567	889,310	(115,743)
Vocational	152,517	153,082	191,806	(38,724)
Student Intervention Services	0	0	609	(609)
Other	459,393	961,245	627,981	333,264
Support Services:				
Pupils	405,086	406,725	540,588	(133,863)
Instructional Staff	269,472	272,992	345,726	(72,734)
Board of Education	17,965	18,040	25,541	(7,501)
Administration	635,645	689,043	822,376	(133,333)
Fiscal	270,348	281,433	368,270	(86,837)
Business	10,825	13,493	13,631	(138)
Operation and Maintenance of Plant	646,936	962,490	1,090,057	(127,567)
Pupil Transportation	377,901	410,441	624,498	(214,057)
Central	0	0	811	(811)
Extracurricular Activities	194,952	195,704	254,682	(58,978)
<i>Total Expenditures</i>	<u>7,384,564</u>	<u>10,447,322</u>	<u>10,304,327</u>	<u>142,995</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,825,318</u>	<u>49,425</u>	<u>232,904</u>	<u>183,479</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds of Energy Conservation Note	96,418	250,000	250,000	0
Refund of Prior Year Expenditures	3,763	9,756	0	(9,756)
Advances In	13,582	35,217	35,217	0
Advances Out	0	(20,000)	(7,432)	12,568
<i>Total Other Financing Sources (Uses)</i>	<u>113,763</u>	<u>274,973</u>	<u>277,785</u>	<u>2,812</u>
<i>Net Change in Fund Balance</i>	1,939,081	324,398	510,689	186,291
<i>Fund Balance Beginning of Year</i>	662,876	662,876	662,876	0
Prior Year Encumbrances Appropriated	65,252	65,252	65,252	0
<i>Fund Balance End of Year</i>	<u>\$ 2,667,209</u>	<u>\$ 1,052,526</u>	<u>\$ 1,238,817</u>	<u>\$ 186,291</u>

See accompanying notes to the basic financial statements.

**Rootstown Local School District**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*June 30, 2012*

	Private Purpose Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$ 55,437	\$ 22,806
<b>Liabilities</b>		
Undistributed Monies	\$ 0	\$ 22,806
<b>Net Assets</b>		
Held in Trust for Scholarships	\$ 55,437	

See accompanying notes to the basic financial statements.

**Rootstown Local School District**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Funds*  
*For the Fiscal Year Ended June 30, 2012*

	Private Purpose Trust
<b>Additions</b>	
Investment Earnings	\$ 45
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	4,000
<i>Change in Net Assets</i>	(3,955)
<i>Net Assets Beginning of Year</i>	59,392
<i>Net Assets End of Year</i>	\$ 55,437

See accompanying notes to the basic financial statements.

## **ROOTSTOWN LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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

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

The School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by state and federal agencies.

#### ***Reporting Entity***

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

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

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

The School District participates in one jointly governed organization, the Stark Portage Area Computer Consortium (SPARCC), which is presented in Note 14 to the basic financial statements.

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

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

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



## ROOTSTOWN LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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### ***A. Basis of Presentation***

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

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

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

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

### ***B. Fund Accounting***

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

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

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

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

## ROOTSTOWN LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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

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

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

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

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

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

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

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching

## ROOTSTOWN LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

### ***E. Pooled cash and Investments***

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

During fiscal year 2012, other investments of the School District were limited to STAROhio, (the State Treasurer's Investment Pool); repurchase agreements, and mutual funds. These nonparticipating investment contracts are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2012.

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

**ROOTSTOWN LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2012 amounted to \$2,795, which includes \$1,025 assigned from other School District funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as “investments”.

***F. Restricted Assets***

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts required by statute to be set aside for the purchase of capital improvements. See Note 17 for additional information regarding set-asides.

***G. Capital Assets***

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

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

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

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

***H. Interfund Balances***

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

## ROOTSTOWN LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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

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

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

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

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

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

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

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

### ***K. Net Assets***

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

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

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

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

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

## ROOTSTOWN LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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

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

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

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

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

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

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

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

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

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

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2012.

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

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

## ROOTSTOWN LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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

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

***Estimated Resources*** The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the School District by March 1. As part of the certification, the School District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget ensuring that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2012.

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

**ROOTSTOWN LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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**Note 3 – Fund Deficits**

Fund balances at June 30, 2012 included the following individual fund deficit:

	<u>Deficit Fund Balance</u>
Nonmajor Governmental Funds:	
Building	\$ 3,584
Education Jobs	8,672
Race to the Top	344
Title I	5,498
Title VI-B	13,076
Improving Teacher Quality	4,218
Miscellaneous Federal Grants	1

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

**Note 4 – Budgetary Basis of Accounting**

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

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

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



**ROOTSTOWN LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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

**Net Change in Fund Balance**

	<u>General</u>
GAAP Basis	\$ 635,072
Net Adjustment for Revenue Accruals	5,543
Net Adjustment for Expenditure Accruals	(249,811)
Funds Budgeted Elsewhere**	(3,730)
Adjustment for Encumbrances	<u>123,615</u>
Budget Basis	<u>\$ 510,689</u>

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

**Note 5 – Deposits and Investments**

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

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

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

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

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

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States Treasury bills, notes, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

## ROOTSTOWN LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25 percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

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

**Deposits** At fiscal year-end, the carrying amount of the School District's deposits was \$1,821,820 and the bank balance was \$1,881,596.

Of the bank balance \$1,881,596 was covered by federal depository insurance.

**ROOTSTOWN LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

**Investments**

Investments are reported at fair value. As of June 30, 2012, the School District had the following investments:

	Fair Value	Investment Maturities (in months) 0-6
Repurchase Agreement	\$ 447,293	\$ 447,293
Mutual Funds	12,298	12,298
STAROhio	108,353	108,353
Totals	<u>\$ 567,944</u>	<u>\$ 567,944</u>

**Interest Rate Risk:** The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District’s policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District. STAROhio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAROhio as of June 30, 2012 is 53 days.

**Credit Risk:** The School District’s investments at June 30, 2012 include repurchase agreements, mutual funds, and STAROhio, which is rated AAAM by Standard & Poor’s. The repurchase agreement and mutual fund account are not rated by Standard & Poor’s or Moody’s Investor Services. The federal agency securities that underlie the repurchase agreement were rated AAA and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively.

**Concentration of Credit Risk:** The School District places no limit on the amount the School District may invest in any one issuer. More than 5 percent of the School District’s investments are in STAROhio and repurchase agreements. These investments are 19 percent and 79 percent, respectively of the School District’s total investments for the amounts listed above. Mutual funds represent 2 percent of the School District’s total investments.

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

**Note 6 - Property Taxes**

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

## ROOTSTOWN LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected in 2012 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

The School District receives property taxes from Portage County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2012, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed personal property tax and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2012 was \$412,952 in the general fund, \$4,240 in the bond retirement debt service fund, and \$21,707 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2011, was \$383,527 in the general fund and \$25,211 in the permanent improvement capital projects fund.

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

**ROOTSTOWN LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2012*

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The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	165,018,230	94.05%	165,481,320	93.92%
Public Utility Personal Property	55,530	0.03%	57,800	0.03%
Tangible Personal Property	10,379,240	5.92%	10,652,790	6.05%
Total	<u>\$175,453,000</u>	<u>100.00%</u>	<u>\$176,191,910</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$62.57		\$68.48	

**Note 7 - Receivables**

Receivables at June 30, 2012, consisted of accounts, taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. The intergovernmental receivable at June 30 consisted of state and federal grants of \$116,312 and SERS refund of \$2,612 and excess cost receivable of \$65,175.

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**ROOTSTOWN LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

**Note 8 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Balance</u> <u>6/30/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2012</u>
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 779,700	\$ 0	\$ 0	\$ 779,700
Land Improvements	706,015	0	0	706,015
Building and Improvements	4,679,827	453,033	0	5,132,860
Furniture and Equipment	982,071	110,265	0	1,092,336
Vehicles	1,065,487	0	0	1,065,487
Library and Textbooks	349,706	0	0	349,706
<b>Total Capital Assets, being depreciated</b>	<u>7,783,106</u>	<u>563,298</u>	<u>0</u>	<u>8,346,404</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(400,816)	(25,417)	0	(426,233)
Building and Improvements	(3,637,403)	(57,576)	0	(3,694,979)
Furniture and Equipment	(874,758)	(21,057)	0	(895,815)
Vehicles	(831,936)	(39,665)	0	(871,601)
Library and Textbooks	(349,706)	0	0	(349,706)
<b>Total Accumulated Depreciation</b>	<u>(6,094,619)</u>	<u>(143,715)</u>	<u>0</u>	<u>(6,238,334)</u>
<b>Total Capital Assets being depreciated, Net</b>	<u>1,688,487</u>	<u>419,583</u>	<u>0</u>	<u>2,108,070</u>
 <b>Governmental Activities Capital Assets, Net</b>	 <u>\$2,468,187</u>	 <u>\$419,583</u>	 <u>\$ 0</u>	 <u>\$2,887,770</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 53,549
Vocational	567
Support Services:	
Pupils	159
Instructional Staff	314
Operation and Maintenance of Plant	13,702
Pupil Transportation	58,112
Operation of non instructional	1,959
Extracurricular Activities	<u>15,353</u>
 Total Depreciation	 <u>\$ 143,715</u>

**ROOTSTOWN LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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**Note 9 – Risk Management**

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. There has been no reduction in insurance coverage from the prior year. There also have been no settlements paid in excess of insurance coverage in the past three years.

***A. Property and Liability***

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

***B. Workers' Compensation***

The School District pays the State Workers' Compensation system a premium based on a rate of \$1.1834 per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***C. Employee Medical Benefits***

Medical and prescription coverage is provided as a Comprehensive Major Medical program through Benefit Services, Inc. Monthly family premiums are \$1,251.69 for Administrative and Certified Staff and \$1,185.63 for Classified Staff. Monthly single premiums are \$499.96 for Administrative and Certified Staff and \$474.60 for Classified Staff. All employees are required to contribute 10% towards the premiums with a cap of \$125.

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

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

## ROOTSTOWN LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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### **Note 10 – Pension Plans**

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

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and .05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District’s required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$209,501, \$209,051 and \$242,717, respectively; 58 percent has been contributed for fiscal year 2012 and 100 percent for the fiscal years 2011 and 2010.

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

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

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

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



## ROOTSTOWN LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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Funding Policy - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$612,761 , \$643,290 and \$654,206, respectively; 84 percent has been contributed for fiscal year 2012 and 100 percent for the fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$7,613 made by the School District and \$5,438 made by the plan members.

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

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

### **Note 11 - Postemployment Benefits**

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

Plan Description – The School District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug plan is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2012 was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, .55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving

## ROOTSTOWN LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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beneficiaries. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011, and 2010 were \$32,061, \$49,296, and \$32,719, respectively; 58 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2012, the actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$12,421, \$13,453, and \$14,434, respectively; 58 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

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

**Plan Description** - The School District contributes to the cost sharing, multiple-employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free (888) 227-7877.

**Funding Policy** - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$47,135, \$49,484, and \$50,324, respectively; 84 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

## **Note 12 – Other Employee Benefits**

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

The School District provides term life insurance to employees through Mutual Health Services, Inc. in the amount for all eligible employees. Term life insurance is provided for Administrative Staff based upon double the employee's annual salary and the premium is \$.10 per \$100 of salaries. Term life insurance in the amount of \$25,000 is provided for the nine-month Certified Staff at a monthly rate of \$2.50 per employee. Term life insurance in the amount of \$20,000 is provided for Classified Staff that meet the nine-month contract and twenty or more hours per week requirement at a monthly rate of \$ 1.90.

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

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

Teachers, Administrators, and Classified employees earn sick leave at a rate of one and one-quarter days per month cumulated without limit. Upon retirement, certified employees with 10 years or more of service to the School District

**ROOTSTOWN LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

may receive thirty percent of accrued and unused sick leave, to a maximum of 40 days. Classified employee benefits are as follows:

- At least 10 years of service but less than 20 years of service will receive 30 percent of accrued and unused sick leave, to a maximum of 40 days.
- Greater than 20 years of service but less than 25 years of service will receive 35 percent of accrued and unused sick leave, to a maximum of 45 days.
- Greater than 25 years of service will receive 40 percent of accrued and unused sick leave, to a maximum of 50 days.

**C. Special Termination Benefits**

Certified employees meeting the requirements included in the negotiated agreement, and the provision of the retirement system, receive a salary incentive when they retire from active service in the amount of \$15,000.

Eligibility requirement for participation in this program:

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

**Note 13 - Long - Term Obligations**

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

	Outstanding			Amounts	
	6/30/2011	Additions	Reductions	Outstanding	Due in
				6/30/2012	One Year
<b>Governmental Activities:</b>					
Energy Conservation Note, Series 2012	\$ 0	\$250,000	\$ 0	\$ 250,000	\$ 50,000
Compensated Absences	\$ 431,910	\$ 41,440	\$ 30,834	\$ 442,516	\$ 63,334
Total Governmental Activities Long-Term Liabilities	<u>\$ 431,910</u>	<u>\$291,440</u>	<u>\$ 30,834</u>	<u>\$ 692,516</u>	<u>\$ 113,334</u>

*2012 Energy Conservation Note*

In fiscal year 2012, the School District issued \$250,000 in Energy Conservation Notes in anticipation of the issuance of bonds to pay costs of installations, modifications and remodeling of school buildings to conserve energy. These notes bear an interest rate of 2.61%.

**ROOTSTOWN LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

Unless paid from other sources, the principal and interest on those bonds are to be paid from the proceeds of the levy of ad valorem taxes on all property in the School District

Principal and interest requirements to retire the Energy Conservation Note outstanding at June 30, 2012 are as follows:

Fiscal Year Ending June 30,	Energy Conservation Note	
	Principal	Interest
2013	\$ 50,000	\$ 6,235
2014	50,000	4,894
2015	50,000	3,589
2016	50,000	2,284
2017	50,000	979
	<u>\$ 250,000</u>	<u>\$ 17,981</u>

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

**Note 14 - Jointly Governed Organizations**

The Stark Portage Area Computer Consortium (SPARCC) is a jointly governed organization comprised of 28 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports SPARCC based upon a per pupil charge dependent upon the software package utilized. The SPARCC assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. SPARCC is governed by a board of directors chosen from the general membership of the SPARCC assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county in which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Stark County Education Services Center, which serves as fiscal agent, located at 2100 38th Street, NW, Canton, Ohio 44709. During the fiscal year ended June 30, 2012, the School District paid \$53,438 to SPARCC for basic service charges.

**Note 15 - Contingencies**

**A. Review of Statewide Attendance Data**

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

**B. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2012, if applicable, cannot be determined at this time.

**ROOTSTOWN LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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**C. Litigation**

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

**Note 16 - Set-Asides**

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

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

	Capital Improvement Reserve
Set-Aside Restricted Balance as of June 30, 2011	\$ 143,208
Current Year Set-Aside Requirement	219,959
Qualifying Expenditures	(508,389)
Total	<u>\$ (145,222)</u>
Balance Carried Forward to Fiscal Year 2013	<u>\$ 0</u>
Set-Aside Restricted Balance June 30, 2012	<u>\$ 0</u>

For the capital improvement set-aside, qualifying expenditures and current year offsets exceeding the set aside requirement may not be carried forward to the next fiscal year.

**Note 17 – Fund Balance**

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

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

**ROOTSTOWN LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2012*

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	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted for:				
Capital Outlay	\$ 0	\$ 570,153	\$ 0	\$ 570,153
Food Service	0	0	272,566	272,566
Debt Service	0	0	32,539	32,539
Athletics	0	0	41,773	41,773
Other Purposes	0	0	3,033	3,033
Total Restricted	<u>0</u>	<u>570,153</u>	<u>349,911</u>	<u>920,064</u>
Assigned for:				
Encumbrances	128,706	0	0	128,706
Other Purposes	41,242	0	0	41,242
Total Assigned	<u>169,948</u>	<u>0</u>	<u>0</u>	<u>169,948</u>
Unassigned	<u>490,871</u>	<u>0</u>	<u>(35,393)</u>	<u>455,478</u>
Total Fund Balance (Deficit)	<u>\$ 660,819</u>	<u>\$ 570,153</u>	<u>\$ 314,518</u>	<u>\$ 1,545,490</u>

**Note 18 – Interfund Balances**

Interfund balances at June 30, 2012 consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 7,432	\$ 0
Student Intervention	<u>0</u>	<u>7,432</u>
Totals	<u>\$ 7,432</u>	<u>\$ 7,432</u>

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2012, all interfund loans outstanding are anticipated to be repaid in fiscal year 2013.

ROOTSTOWN LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY

FEDERAL AWARDS RECEIPT AND EXPENDITURE SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
<i>Passed Through Ohio Department of Education.</i>					
<i>Child Nutrition Cluster:</i>					
<i>Non-Cash Assistance (Food Distribution):</i>					
National School Lunch Program	10.555	-	24,556	-	24,556
<i>Cash Assistance:</i>					
School Breakfast Program	10.553	5,386		5,386	
National School Lunch Program	10.555	127,335	-	127,335	-
Total - Child Nutrition Cluster		<u>132,721</u>	<u>24,556</u>	<u>132,721</u>	<u>24,556</u>
Total U.S. Department of Agriculture		<u>132,721</u>	<u>24,556</u>	<u>132,721</u>	<u>24,556</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<i>Passed Through Ohio Department of Education.</i>					
<i>Special Education Cluster:</i>					
Special Education Grants to States - IDEA B	84.027	212,413	-	211,580	-
ARRA - Special Education Grants to States	84.391	39,151	-	49,152	-
Total Special Education Cluster		<u>251,564</u>	<u>-</u>	<u>260,732</u>	<u>-</u>
<i>Title I, Part A Cluster</i>					
Title I Grants to Local Educational Agencies	84.010	68,391	-	68,707	-
ARRA - Title I Grants to Local Educational Agencies	84.389	6,838	-	8,619	-
Total Title I, Part A Cluster		<u>75,229</u>	<u>-</u>	<u>77,326</u>	<u>-</u>
Educational Technology State Grants	84.318	940	-	940	-
Improving Teacher Quality State Grants	84.367	35,751	-	38,501	-
ARRA - Race to the Top - Resident Educator Program	84.395	1,400	-	1,400	-
Education Jobs Fund	84.410	148,663	-	156,345	-
Total U.S. Department of Education		<u>513,547</u>	<u>-</u>	<u>535,244</u>	<u>-</u>
<b>Total Federal Assistance</b>		<u><b>\$646,268</b></u>	<u><b>\$24,556</b></u>	<u><b>\$667,965</b></u>	<u><b>\$24,556</b></u>

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

**ROOTSTOWN LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPT AND EXPENDITURE SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipt and Expenditure Schedule (the "Schedule") reports the Rootstown Local School District's (the "District's") federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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





# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rootstown Local School District, Portage County, (the "District") as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A *deficiency in internal 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 more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

### Compliance and Other Matters

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

Rootstown Local School District  
Portage County

Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Required by *Government Auditing Standards*  
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 21, 2012.

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

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

**Dave Yost**  
Auditor of State

December 21, 2012



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### Compliance

We have audited the compliance of Rootstown Local School District (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Rootstown Local School District's major federal programs for the year ended June 30, 2012. The *Summary of Auditor's Results* section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

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

In our opinion, the Rootstown Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

### Internal Control Over Compliance

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

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

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

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

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

**Dave Yost**  
Auditor of State

December 21, 2012

**ROOTSTOWN LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2012**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster – CFDA #10.553/10.555 Education Jobs – CFDA #84.410
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	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**

None

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# Dave Yost • Auditor of State

ROOTSTOWN LOCAL SCHOOL DISTRICT

PORTAGE COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MARCH 7, 2013