

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

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

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2014***

PHILLIP BUTTO, TREASURER



Dave Yost • Auditor of State

Board of Education
Ravenna City School District
507 E. Main Street
Ravenna, OH 44266

We have reviewed the *Independent Auditor's Report* of the Ravenna City School District, Portage County, prepared by Julian & Grube, Inc., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

March 4, 2015

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

**BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Ravenna City School District, Portage County, Ohio, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Ravenna City School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Ravenna City School District, Portage County, Ohio, as of June 30, 2014, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3.C., the Ravenna City School District's net position at June 30, 2013 has been restated due to a reappraisal of the Ravenna City School District's capital assets. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Receipts and Expenditures of Federal Awards (the "Schedule") presents additional analysis as 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 financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014, on our consideration of the Ravenna City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ravenna City School District's internal control over financial reporting and compliance.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

The discussion and analysis of the Ravenna City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- In total, net position of governmental activities increased \$243,257 which represents a 1.16% increase from 2013, as restated (see Note 3.C).
- General revenues accounted for \$26,618,465 in revenue or 80.25% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,550,355 or 19.75% of total revenues of \$33,168,820.
- The District had \$32,925,563 in expenses related to governmental activities; \$6,550,355 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$26,618,465 were adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$28,117,840 in revenues and \$27,218,808 in expenditures and other financing uses. During fiscal year 2014, the general fund's fund balance increased \$899,032 from a deficit of \$1,423,605 to a deficit of \$524,573.

Using these Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

The District's statement of net position and statement of activities can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-52 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

The District as a Whole

The net position of the District was restated at June 30, 2013 as described in Note 3.C to the basic financial statements. The table below provides a summary of the District's net position for governmental activities at June 30, 2014 and June 30, 2013.

	Net Position	
	Governmental	(Restated) Governmental
	Activities	Activities
	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Current and other assets	\$ 14,463,900	\$ 15,126,056
Capital assets	<u>41,183,761</u>	<u>41,884,474</u>
Total assets	<u>55,647,661</u>	<u>57,010,530</u>
<u>Deferred Outflows</u>	<u>1,364,087</u>	<u>1,441,633</u>
<u>Liabilities</u>		
Current liabilities	3,497,743	3,686,900
Long-term liabilities	<u>23,215,871</u>	<u>23,654,860</u>
Total liabilities	<u>26,713,614</u>	<u>27,341,760</u>
<u>Deferred Inflows</u>	<u>9,135,214</u>	<u>10,190,740</u>
<u>Net Position</u>		
Net investment in capital assets	21,372,512	21,659,818
Restricted	1,168,148	1,103,031
Unrestricted (deficit)	<u>(1,377,740)</u>	<u>(1,843,186)</u>
Total net position	<u>\$ 21,162,920</u>	<u>\$ 20,919,663</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$21,162,920. Of this total, \$1,168,148 is restricted in use.

At year-end, capital assets represented 74.01% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. The District's net investment in capital assets at June 30, 2014, was \$21,372,512. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

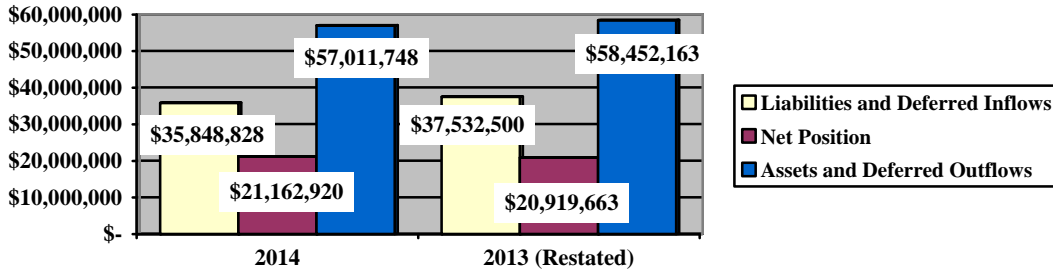
A portion of the District's net position, \$1,168,148, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$1,377,740.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

The net position of the District was restated at June 30, 2013 as described in Note 3.C to the basic financial statements. The graphs below show the District's governmental activities assets and deferred outflows, liabilities and deferred inflows, and net position at June 30, 2014 and June 30, 2013.

Governmental Activities



The net position of the District was restated at June 30, 2013 as described in Note 3.C to the basic financial statements. The table below shows the changes in net position for governmental activities for fiscal years 2014 and 2013.

	<u>Change in Net Position</u>	
	Governmental Activities 2014	Governmental Activities 2013
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,452,800	\$ 1,441,722
Operating grants and contributions	5,008,435	4,385,466
Capital grants and contributions	89,120	77,207
General revenues:		
Property taxes	12,452,478	11,061,716
Revenue in lieu taxes	81,046	63,411
Grants and entitlements	14,034,463	13,571,784
Investment earnings	10,615	14,425
Other	39,863	74,933
Total revenues	<u>33,168,820</u>	<u>30,690,664</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Change in Net Position

	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 11,100,841	\$ 10,752,361
Special	5,841,579	5,450,668
Vocational	242,349	283,130
Other	2,234,353	1,874,234
Support services:		
Pupil	1,687,567	1,464,061
Instructional staff	1,031,350	939,671
Board of education	49,281	102,081
Administration	2,145,148	2,202,494
Fiscal	700,858	728,632
Business	197,310	216,127
Operations and maintenance	2,870,630	2,767,259
Pupil transportation	1,565,192	1,498,847
Central	328,886	784,769
Operations of non-instructional services		
Other non-instructional services	32,767	33,349
Food service operations	1,298,643	1,296,842
Extracurricular activities	966,364	949,449
Interest and fiscal charges	<u>632,445</u>	<u>839,896</u>
Total expenses	<u>32,925,563</u>	<u>32,183,870</u>
Change in net position	243,257	(1,493,206)
Net position at beginning of year (restated)	<u>20,919,663</u>	<u>22,412,869</u>
Net position at end of year	<u>\$ 21,162,920</u>	<u>\$ 20,919,663</u>

Governmental Activities

Net position of the District's governmental activities increased \$243,257. Total governmental expenses of \$32,925,563 were offset by program revenues of \$6,550,355 and general revenues of \$26,618,465. Program revenues supported 19.89% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, revenue in lieu of taxes, and grants and entitlements. These revenue sources represent 80.10% of total governmental revenue.

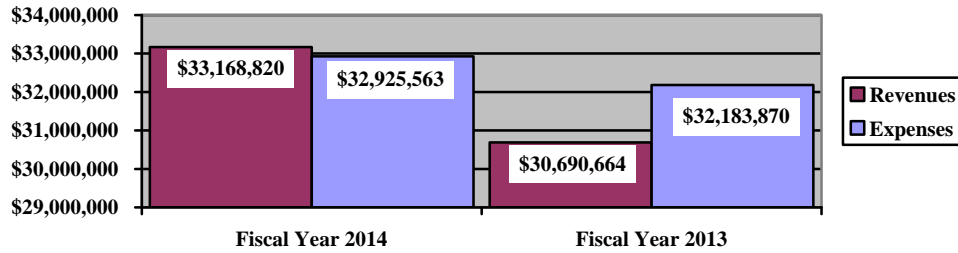
The largest expense of the District is for instructional programs. Instruction expenses totaled \$19,419,122 or 58.98% of total governmental expenses for fiscal 2014.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2014 and 2013:

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2014 and 2013.

Governmental Activities

	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>
Program expenses				
Instruction:				
Regular	\$ 11,100,841	\$ 10,414,625	\$ 10,752,361	\$ 10,037,760
Special	5,841,579	2,036,121	5,450,668	2,277,781
Vocational	242,349	184,652	283,130	253,418
Other	2,234,353	2,234,353	1,874,234	1,874,234
Support services:				
Pupil	1,687,567	1,687,567	1,464,061	1,461,850
Instructional staff	1,031,350	964,327	939,671	748,019
Board of education	49,281	49,281	102,081	102,081
Administration	2,145,148	2,141,398	2,202,494	2,199,116
Fiscal	700,858	695,045	728,632	722,751
Business	197,310	197,310	216,127	216,127
Operations and maintenance	2,870,630	2,695,896	2,767,259	2,698,833
Pupil transportation	1,565,192	1,396,852	1,498,847	1,356,295
Central	328,886	287,976	784,769	694,962
Operations of non-instructional services:				
Other non-instructional services	32,767	(60,073)	33,349	(9,224)
Food service operations	1,298,643	61,031	1,296,842	47,418
Extracurricular activities	966,364	756,402	949,449	758,158
Interest and fiscal charges	632,445	632,445	839,896	839,896
Total expenses	\$ 32,925,563	\$ 26,375,208	\$ 32,183,870	\$ 26,279,475

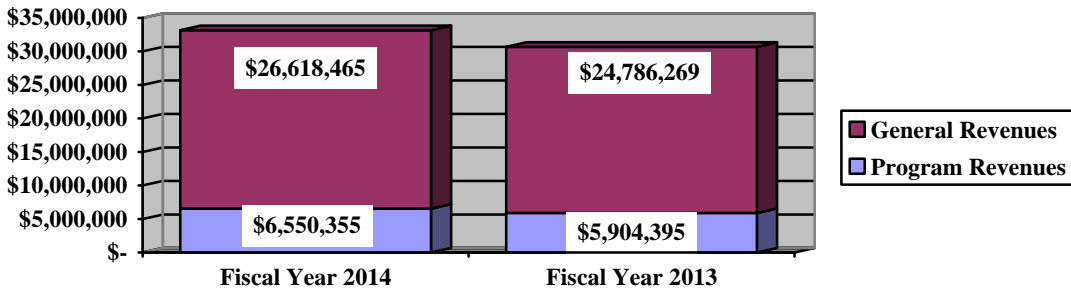
**RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

The dependence upon tax and other general revenues for governmental activities is apparent; as 76.57% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 80.11%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2014 and 2013.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$992,524, which is more than last year's total of \$15,887. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013.

	Fund Balance (deficit) <u>June 30, 2014</u>	Fund Balance (deficit) <u>June 30, 2013</u>	<u>Increase</u>	<u>Percentage Change</u>
General	\$ (524,573)	\$ (1,423,605)	\$ 899,032	63.15 %
Other Governmental	<u>1,517,097</u>	<u>1,439,492</u>	<u>77,605</u>	5.39 %
Total	<u>\$ 992,524</u>	<u>\$ 15,887</u>	<u>\$ 976,637</u>	6,147.40 %

General Fund

The District's general fund balance increased \$899,032 from a deficit fund balance of \$1,423,605 to a deficit fund balance of \$524,573.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 11,017,913	\$ 9,921,270	\$ 1,096,643	11.05 %
Earnings on investments	9,284	11,679	(2,395)	(20.51) %
Intergovernmental	16,058,805	15,070,934	987,871	6.55 %
Other revenues	<u>1,031,838</u>	<u>1,036,449</u>	<u>(4,611)</u>	(0.44) %
 Total	 <u>\$ 28,117,840</u>	 <u>\$ 26,040,332</u>	 <u>\$ 2,077,508</u>	 7.98 %
<u>Expenditures</u>				
Instruction	\$ 16,665,171	\$ 16,428,670	\$ 236,501	1.44 %
Support services	9,589,307	9,806,055	(216,748)	(2.21) %
Non-instructional services	773	-	773	100.00 %
Extracurricular activities	588,198	641,555	(53,357)	(8.32) %
Facilities acquisition and construction	12,324	-	12,324	100.00 %
Capital outlay	-	398,697	(398,697)	(100.00) %
Debt service	<u>84,636</u>	<u>-</u>	<u>84,636</u>	100.00 %
 Total	 <u>\$ 26,940,409</u>	 <u>\$ 27,274,977</u>	 <u>\$ (334,568)</u>	 (1.23) %

The increase in property taxes revenue is mainly the result of variances in the amount of taxes available as an advance to the District at year-end. The amount of tax advance collected by the County Auditor and available as an advance in the general fund was \$1,790,686 and \$790,382, at June 30, 2014 and June 30, 2013, respectively. This amount is recorded as revenue and can vary from year to year based on the date the tax bills are sent. The increase in intergovernmental revenue was due primarily to increases in school foundation basic allowance as a result of the passage of House Bill 59. All other revenues were consistent with the prior fiscal year.

Expenditures of the general fund decreased \$334,568 or 1.23%. The biggest decrease was in capital outlay which decreased \$398,697 due to a new capital lease for buses in fiscal year 2013. All other expenses were consistent with the prior year.

General Fund Budgeting Highlights

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

For the general fund, original budgeted revenues and other financing sources amounted to \$26,173,483 and were increased to \$26,930,526 for the final budget. Actual revenues and other financing sources for fiscal 2014 was \$27,003,129. This represents an \$72,603 increase from final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$27,205,352 was increased to \$27,637,699 for the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2014 totaled \$27,530,712, which was \$106,987 less than the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2014, the District had \$41,183,761 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities.

The following table shows fiscal 2014 balances compared to 2013 as restated in Note 9:

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

	Governmental Activities	
	2014	(Restated) 2013
Land	\$ 74,984	\$ 74,984
Land improvements	3,196,794	2,264,908
Building and improvements	36,590,228	37,982,055
Furniture and equipment	827,791	958,065
Vehicles	493,964	604,462
Total	\$ 41,183,761	\$ 41,884,474

The overall decrease in capital assets of \$700,713 is due to depreciation of \$1,859,294 and disposals of \$8,212 (net of accumulated depreciation) being greater than additions of \$1,166,793.

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

Debt Administration

At June 30, 2014, the District had \$16,774,463 in general obligation bonds outstanding, \$2,350,000 in tax anticipation notes and \$2,375,457 in capital lease obligations. Of the outstanding obligations total, \$1,213,416 is due within one year and \$20,286,504 is due within greater than one year.

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

Outstanding Debt, at Year End

	Governmental Activities	Governmental Activities
	2014	2013
General obligation bonds	\$ 16,774,463	\$ 17,406,937
Tax anticipation note	2,350,000	1,585,000
Capital lease obligation	2,375,457	2,658,697
Total	\$ 21,499,920	\$ 21,650,634

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Current Financial Related Activities

As the District moves through Fiscal Year 2014 it has been able to sustain student academic programing due to additional state funds received as a result of the new formula outlined in HB 59. The District will receive additional funding from the State in the amount of \$771,000 in fiscal year 2014 and \$1.3 million in fiscal year 2015. State funding beyond fiscal year 2015 will depend on the next biennial budget.

Local property taxes have remained consistent in the wake of recessionary value declines. We believe these valuation declines will recover and stabilize. And this trend is already evident as values slightly increased from 2012 to 2013. Enrollment for the District has seen a downward trend over the last few years. This is a state wide trend. However in fiscal year 2014 enrollment stabilized a bit. Either way the District will economize operations to reflect the direction of enrollment in an effort maintain a balanced budget.

The District's general fund ended Fiscal Year 2014 with a carryover balance of \$561,000 and is projected to end fiscal year 2015 with approximately \$538,000. Our ability to maintain a balanced budget from FY 2014 to 2015 and leading into FY 2016 is due to careful and prudent financial management. The District continues to foster a cooperative atmosphere with its unions. In the recent past, certified and classified unions agreed to a 0% base and step increase for the 2012-2013 school year. Healthcare contributions by employees increased in fiscal year 2013 from 10% to 15%. Raises for fiscal year 2015 and 2016 have been limited to 1%. In addition, the District has experienced some significant shifts in staffing. Many certificated staff members are retiring and there are several positions that will not be replaced. This will present a savings in salaries; however, severance costs will go up in the short term. Staffing changes will continue as the District adjusts for declining enrollment.

The District has made an effort to solicit local taxpayers for additional operating funds. These levy attempts have proven unsuccessful thus far. However, the District will make the necessary budgetary reductions to balance its budget. These will include: teaching staff reductions in each building through attrition related retirements; classified positions have been consolidated or eliminated; discretionary budget cuts; and capitalization of alternative revenue sources such as building rentals and grants.

These strategies will sustain the District financially until it is able to successfully pass its next school levy. Our goal, as we navigate these financial hurdles, is to continue to improve student academic performance and provide a safe productive atmosphere for students and staff.

Contacting the District's Financial Management

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

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

STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments	\$ 2,029,177
Cash in segregated accounts	4,484
Receivables:	
Property taxes	12,058,866
Accounts	27,593
Accrued interest	21
Intergovernmental	313,625
Materials and supplies inventory	30,134
Capital assets:	
Land	74,984
Depreciable capital assets, net	<u>41,108,777</u>
Capital assets, net	<u>41,183,761</u>
Total assets	<u>55,647,661</u>
 Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	<u>1,364,087</u>
 Liabilities:	
Accounts payable	73,347
Retainage payable	6,126
Accrued wages and benefits	2,572,215
Pension obligation payable	498,121
Intergovernmental payable	168,242
Accrued interest payable	179,692
Long-term liabilities:	
Due within one year	1,353,361
Due in more than one year	<u>21,862,510</u>
Total liabilities	<u>26,713,614</u>
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year	<u>9,135,214</u>
 Net position:	
Net investment in capital assets	21,372,512
Restricted for:	
Capital projects	222,913
Classroom facilities maintenance	720,880
Debt service	145,613
Locally funded programs	919
State funded programs	200
Federally funded programs	10,810
Student activities	31,600
Other purposes	35,213
Unrestricted (deficit)	<u>(1,377,740)</u>
Total net position	<u><u>\$ 21,162,920</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction:					
Regular	\$ 11,100,841	\$ 530,863	\$ 155,353	\$ -	\$ (10,414,625)
Special	5,841,579	172,230	3,633,228	-	(2,036,121)
Vocational	242,349	-	57,697	-	(184,652)
Other	2,234,353	-	-	-	(2,234,353)
Support services:					
Pupil	1,687,567	-	-	-	(1,687,567)
Instructional staff	1,031,350	-	67,023	-	(964,327)
Board of education	49,281	-	-	-	(49,281)
Administration	2,145,148	2,933	817	-	(2,141,398)
Fiscal	700,858	-	5,813	-	(695,045)
Business	197,310	-	-	-	(197,310)
Operations and maintenance	2,870,630	169,310	5,424	-	(2,695,896)
Pupil transportation	1,565,192	40,140	128,200	-	(1,396,852)
Central	328,886	-	14,400	26,510	(287,976)
Operation of non-instructional services:					
Other non-instructional services	32,767	-	30,230	62,610	60,073
Food service operations	1,298,643	331,079	906,533	-	(61,031)
Extracurricular activities	966,364	206,245	3,717	-	(756,402)
Interest and fiscal charges	632,445	-	-	-	(632,445)
Total governmental activities	\$ 32,925,563	\$ 1,452,800	\$ 5,008,435	\$ 89,120	(26,375,208)
General revenues:					
Property taxes levied for:					
General purposes					10,843,732
Debt service					1,118,687
Special revenue					111,832
Capital outlay					378,227
Payments in lieu of taxes					81,046
Grants and entitlements not restricted to specific programs					14,034,463
Investment earnings					10,615
Miscellaneous					39,863
Total general revenues					26,618,465
Change in net position					243,257
Net position at beginning of year (restated)					20,919,663
Net position at end of year					\$ 21,162,920

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 640,528	\$ 1,388,649	\$ 2,029,177
Cash in segregated accounts	4,484	-	4,484
Receivables:			
Property taxes	10,491,482	1,567,384	12,058,866
Accounts	27,576	17	27,593
Accrued interest	21	-	21
Intergovernmental	134,921	178,704	313,625
Materials and supplies inventory	-	30,134	30,134
Total assets	<u>\$ 11,299,012</u>	<u>\$ 3,164,888</u>	<u>\$ 14,463,900</u>
Liabilities:			
Accounts payable	\$ 60,252	\$ 13,095	\$ 73,347
Retainage payable	-	6,126	6,126
Accrued wages and benefits	2,296,905	275,310	2,572,215
Compensated absences payable	96,337	821	97,158
Intergovernmental payable	155,607	12,635	168,242
Pension obligation payable	454,631	43,490	498,121
Total liabilities	<u>3,063,732</u>	<u>351,477</u>	<u>3,415,209</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	7,949,986	1,185,228	9,135,214
Delinquent property tax revenue not available . . .	750,810	111,086	861,896
Intergovernmental revenue not available	59,057	-	59,057
Total deferred inflows of resources	<u>8,759,853</u>	<u>1,296,314</u>	<u>10,056,167</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory	-	30,134	30,134
Restricted:			
Debt service	-	576,894	576,894
Capital improvements	-	190,948	190,948
Classroom facilities maintenance	-	720,880	720,880
Special education	-	38,119	38,119
Targeted academic assistance	-	7,904	7,904
Other purposes	-	1,119	1,119
Extracurricular	-	31,600	31,600
Committed:			
Capital improvements	-	12,955	12,955
Unassigned (deficit)	(524,573)	(93,456)	(618,029)
Total fund balances (deficit)	<u>(524,573)</u>	<u>1,517,097</u>	<u>992,524</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,299,012</u>	<u>\$ 3,164,888</u>	<u>\$ 14,463,900</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2014

Total governmental fund balances		\$ 992,524
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		41,183,761
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 861,896	
Intergovernmental receivable	59,057	
Total		920,953
Unamortized premiums on bonds issued are not recognized in the funds.		(2,107,794)
Unamortized amounts on refundings are not recognized in the funds.		1,364,087
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(179,692)
Long-term liabilities, including bonds, notes, and capital leases payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(14,666,669)	
Capital lease obligations	(2,375,457)	
Tax anticipation note	(2,350,000)	
Compensated absences	(1,618,793)	
Total		(21,010,919)
Net position of governmental activities		\$ 21,162,920

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Property taxes	\$ 10,936,867	\$ 1,622,521	\$ 12,559,388
Payment in lieu of taxes	81,046	-	81,046
Tuition	697,173	-	697,173
Transportation fees	40,140	-	40,140
Earnings on investments	9,284	1,438	10,722
Charges for services	-	331,079	331,079
Extracurricular	67,324	121,146	188,470
Classroom materials and fees	350	-	350
Rental income	169,310	8,600	177,910
Contributions and donations	9,640	88,584	98,224
Contract services	5,920	-	5,920
Other local revenues	41,981	29,616	71,597
Intergovernmental - intermediate	-	4,800	4,800
Intergovernmental - state	15,936,083	445,004	16,381,087
Intergovernmental - federal	122,722	2,505,102	2,627,824
Total revenues	<u>28,117,840</u>	<u>5,157,890</u>	<u>33,275,730</u>
Expenditures:			
Current:			
Instruction:			
Regular	9,974,473	173,231	10,147,704
Special	4,230,923	1,612,433	5,843,356
Vocational	237,100	-	237,100
Other	2,222,675	-	2,222,675
Support services:			
Pupil	1,594,840	-	1,594,840
Instructional staff	907,141	68,793	975,934
Board of education	46,179	-	46,179
Administration	2,029,840	3,967	2,033,807
Fiscal	628,108	39,911	668,019
Business	189,571	-	189,571
Operations and maintenance	2,535,696	146,580	2,682,276
Pupil transportation	1,384,682	8,071	1,392,753
Central	273,250	59,970	333,220
Operation of non-instructional services:			
Other non-instructional services	773	31,994	32,767
Food service operations	-	1,227,683	1,227,683
Extracurricular activities	588,198	139,410	727,608
Facilities acquisition and construction	12,324	1,197,604	1,209,928
Debt service:			
Principal retirement	76,240	1,157,000	1,233,240
Interest and fiscal charges	8,396	492,037	500,433
Total expenditures	<u>26,940,409</u>	<u>6,358,684</u>	<u>33,299,093</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,177,431</u>	<u>(1,200,794)</u>	<u>(23,363)</u>
Other financing sources (uses):			
Sale of notes	-	1,000,000	1,000,000
Transfers in	-	610,115	610,115
Transfers (out)	<u>(278,399)</u>	<u>(331,716)</u>	<u>(610,115)</u>
Total other financing sources (uses)	<u>(278,399)</u>	<u>1,278,399</u>	<u>1,000,000</u>
Net change in fund balances	899,032	77,605	976,637
Fund balances (deficit) at beginning of year	<u>(1,423,605)</u>	<u>1,439,492</u>	<u>15,887</u>
Fund balances (deficit) at end of year	<u>\$ (524,573)</u>	<u>\$ 1,517,097</u>	<u>\$ 992,524</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds	\$	976,637
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 1,166,793	
Current year depreciation	<u>(1,859,294)</u>	
Total		(692,501)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(8,212)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(106,910)	
Intergovernmental	<u>22,915</u>	
Total		(83,995)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	715,000	
Tax anticipation notes	235,000	
Capital leases	<u>283,240</u>	
Total		1,233,240
Issuances of tax anticipation notes are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(1,000,000)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	28,060	
Accreted interest on capital appreciation bonds	(224,798)	
Amortization of bond premiums	142,272	
Amortization of deferred charges	<u>(77,546)</u>	
Total		(132,012)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(49,900)</u>
Change in net position of governmental activities	\$	<u>243,257</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 9,753,315	\$ 10,215,146	\$ 9,936,563	\$ (278,583)
Payment in lieu of taxes	81,047	81,046	81,046	-
Tuition	715,295	715,000	697,173	(17,827)
Transportation fees	29,012	29,000	38,880	9,880
Earnings on investments	10,683	12,078	10,031	(2,047)
Rental income	57,061	147,000	173,902	26,902
Contributions and donations	-	-	13	13
Contract services	5,922	5,920	5,920	-
Other local revenues	19,815	66,114	26,347	(39,767)
Intergovernmental - state	15,386,216	15,491,222	15,860,219	368,997
Intergovernmental - federal	81,046	111,000	122,722	11,722
Total revenues	26,139,411	26,873,526	26,952,816	79,290
Expenditures:				
Current:				
Instruction:				
Regular	10,081,949	10,222,689	10,174,004	48,685
Special	4,441,408	4,329,114	4,265,595	63,519
Vocational	264,642	264,569	265,651	(1,082)
Other	1,931,348	2,189,527	2,204,173	(14,646)
Support services:				
Pupil	1,339,184	1,539,574	1,566,275	(26,701)
Instructional staff	942,508	969,154	941,256	27,898
Board of education	65,045	64,450	63,510	940
Administration	2,008,068	2,009,885	2,060,054	(50,169)
Fiscal	659,829	654,102	671,778	(17,676)
Business	198,899	191,333	191,232	101
Operations and maintenance	2,646,096	2,669,013	2,559,440	109,573
Pupil transportation	1,340,098	1,445,485	1,440,875	4,610
Central	476,496	304,565	335,317	(30,752)
Extracurricular activities	526,519	503,199	500,829	2,370
Facilities acquisition and construction	-	-	12,324	(12,324)
Total expenditures	26,922,089	27,356,659	27,252,313	104,346
Excess of expenditures over revenues	(782,678)	(483,133)	(299,497)	183,636
Other financing sources (uses):				
Refund of prior year's expenditures	20,000	40,000	39,530	(470)
Transfers (out)	(283,263)	(281,040)	(278,399)	2,641
Sale of capital assets	14,073	17,000	10,783	(6,217)
Total other financing sources (uses)	(249,190)	(224,040)	(228,086)	(4,046)
Net change in fund balance	(1,031,868)	(707,173)	(527,583)	179,590
Fund balance at beginning of year	974,706	974,706	974,706	-
Prior year encumbrances appropriated	74,643	74,643	74,643	-
Fund balance at end of year	\$ 17,481	\$ 342,176	\$ 521,766	\$ 179,590

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 50,657	\$ 79,471
Cash and investments in segregated account	694,097	-
Receivables:		
Accrued interest	1,845	-
Notes	545,406	-
Total assets.	1,292,005	\$ 79,471
Liabilities:		
Accounts payable.	-	\$ 75
Due to students.	-	70,221
Undistributed monies	-	9,175
Total liabilities	-	\$ 79,471
Net position:		
Held in trust for scholarships	1,292,005	
Total net position.	\$ 1,292,005	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$ 8,298
Gifts and contributions	12,624
Total additions	20,922
Deductions:	
Scholarships awarded	7,602
Change in net position	13,320
Net position at beginning of year	1,278,685
Net position at end of year	\$ 1,292,005

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Ravenna City School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District employs 213 certified and 151 non-certified employees to provide services to approximately 2,844 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

JOINTLY GOVERNED ORGANIZATIONS

Maplewood Area Joint Vocational School

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

Stark Portage Area Computer Consortium (SPARCC)

SPARCC is a jointly governed organization comprised of 28 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports SPARCC based upon a per pupil charge dependent upon the software package utilized. The SPARCC assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. SPARCC is governed by a board of directors chosen from the general membership of the SPARCC assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county in which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Stark County Education Services Center, which serves as fiscal agent, located at 2100 38th Street, NW, Canton, Ohio 44709. During the year ended June 30, 2014, the District paid \$41,531 to SPARCC for basic service charges.

RELATED ORGANIZATION

Reed Memorial Public Library (the "Library")

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

PUBLIC ENTITY RISK POOLS

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

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

Ohio Schools Council Association

The Ohio Schools Council Association (the "Council") is a jointly governed organization comprised of one-hundred-ninety-nine school districts, joint vocational school districts, educational service centers and county boards of developmental disability. The mission of the Council is to identify, plan and provide services to member districts that can be more effectively achieved by cooperative endeavors of member districts than by an individual district operating on its own. Each district supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2014, the District paid participation fees of \$3,847 to the Council. Financial information can be obtained by contacting the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

B. Basis of Presentation

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

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

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

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

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

GOVERNMENTAL FUNDS

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

The following is the District's major governmental fund:

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

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

FIDUCIARY FUNDS

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

C. Measurement Focus

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting on the fund financial statements. Fiduciary funds also use the accrual basis of accounting.

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

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

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

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Payments in lieu of taxes and grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows on the governmental fund financial statements.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

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

E. Cash and Investments

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

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

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

During fiscal year 2014, investments were limited to negotiable certificates of deposit and U.S. government money market mutual funds. These investments are reported at fair value which is based on quoted market prices.

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

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$9,284, which includes \$5,671 assigned from other District funds.

F. Bond Premium/Accounting Gain or Loss

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

G. Capital Assets

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

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

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

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

H. Inventory

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

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2014, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Net Position

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

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

L. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

M. Interfund Activity

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

N. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2014.

O. Estimates

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

P. Budgetary Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2014.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2014, the District has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2014 included the following individual fund deficits:

	<u>Deficit</u>
General fund	\$ 524,573
<u>Nonmajor funds</u>	
Food service	56,098
Public school preschool	4,250
IDEA Part-B preschool	732
Improving teacher quality	2,242

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

C. Restatement of Net Position

The District has restated net position at June 30, 2013 to correct for errors and omissions in the amounts reported for capital assets in the prior year. The restatement had the following effect on net position as previously reported:

	<u>Governmental Activities</u>
Net position as previously reported	\$ 16,294,611
Adjustment of capital assets	4,625,052
Restated net position at July 1, 2013	\$ 20,919,663

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash and Investments in Segregated Accounts

At year-end, the District had \$4,484 in cash held in depository accounts separate from the District's internal investment pool. This amount is reported as "cash in segregated accounts" on the statement of net position and on the balance sheet. This amount is included in "Deposits with Financial Institutions" below.

At year-end, the District had \$694,097 in cash and investments held in separate investment accounts pursuant to trust agreements. This amount is reported as "cash and investments in segregated accounts" on the statement of fiduciary net position. The balances of these investments are included in "Investments" below.

B. Deposits with Financial Institutions

At June 30, 2014, the carrying amount of all District deposits, including cash in segregated accounts, was \$2,146,903. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$2,131,466 of the District's bank balance of \$2,381,659 was exposed to custodial risk as discussed below, while \$250,193 was covered by the FDIC.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2014, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater Than 24 months</u>
Negotiable CD's	\$ 576,736	\$ 104,989	\$ -	\$ 105,070	\$ -	\$ 366,677
U.S. Government money market mutual funds	<u>134,247</u>	<u>134,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ 710,983	\$ 239,236	\$ -	\$ 105,070	\$ -	\$ 366,677

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

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

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

Concentration of Credit Risk: The District places no dollar limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2014:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Negotiable CD's	\$ 576,736	81.12
U.S. Government money market mutual funds	<u>134,247</u>	<u>18.88</u>
Total	\$ 710,983	100.00

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,146,903
Investments	<u>710,983</u>
Total	<u>\$ 2,857,886</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 2,033,661
Private-purpose trust funds	744,754
Agency funds	<u>79,471</u>
Total	<u>\$ 2,857,886</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2014, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	\$278,399
 <u>Transfers from nonmajor governmental funds to:</u>	
Nonmajor governmental funds	<u>331,716</u>
 Total	 <u>\$610,115</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfers above represent transfers of \$240,359 from the general fund to the bond retirement fund (a nonmajor governmental fund) for the payment of principal and interest on capital lease obligations. The remaining transfers represent \$38,040 from the general fund and \$331,716 from the permanent improvement fund (a nonmajor governmental fund) to the bond retirement fund (a nonmajor governmental fund) for the payment of principal and interest on tax anticipation notes. Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Portage County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$1,790,686 in the general fund, \$192,870 in the bond retirement fund (a nonmajor governmental fund) and \$78,200 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2013 was \$790,382 in the general fund, \$83,613 in the bond retirement fund (a nonmajor governmental fund) and \$34,076 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 295,524,930	96.50	\$ 298,331,700	96.23
Public utility personal	<u>10,723,170</u>	<u>3.50</u>	<u>11,677,570</u>	<u>3.77</u>
Total	<u>\$ 306,248,100</u>	<u>100.00</u>	<u>\$ 310,009,270</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$66.22		\$66.22	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2014 consisted of property taxes, accounts (billings for user charged services, accrued interest and student fees) and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

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

Governmental activities:	
Property taxes	\$ 12,058,866
Accounts	27,593
Intergovernmental	313,625
Accrued interest	<u>21</u>
Total	<u>\$ 12,400,105</u>

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

NOTE 8 - NOTES RECEIVABLE

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

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

At the close of fiscal year 2014, there were 54 former students with a total principal loan balance outstanding of \$545,406.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 9 - CAPITAL ASSETS

The beginning balance of capital assets of the governmental activities has been restated to correct for errors and omissions in the amounts reported in the prior year. Governmental capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance 06/30/13	Restatement	Restated Balance 07/01/2013	Additions	Deductions	Balance 06/30/14
Governmental activities:						
<i>Capital assets, not being depreciated:</i>						
Land	\$ 74,984	\$ -	\$ 74,984	\$ -	\$ -	\$ 74,984
Total capital assets, not being depreciated	<u>74,984</u>	<u>-</u>	<u>74,984</u>	<u>-</u>	<u>-</u>	<u>74,984</u>
<i>Capital assets, being depreciated:</i>						
Land improvements	4,738,294	139,100	4,877,394	1,142,025	-	6,019,419
Buildings and improvements	41,509,200	4,482,655	45,991,855	-	-	45,991,855
Furniture and equipment	1,603,967	10,102	1,614,069	14,768	-	1,628,837
Vehicles	1,822,622	(407,250)	1,415,372	10,000	(147,408)	1,277,964
Total capital assets, being depreciated	<u>49,674,083</u>	<u>4,224,607</u>	<u>53,898,690</u>	<u>1,166,793</u>	<u>(147,408)</u>	<u>54,918,075</u>
<i>Less: accumulated depreciation</i>						
Land improvements	(2,612,486)	-	(2,612,486)	(210,139)	-	(2,822,625)
Buildings and improvements	(8,009,800)	-	(8,009,800)	(1,391,827)	-	(9,401,627)
Furniture and equipment	(656,004)	-	(656,004)	(145,042)	-	(801,046)
Vehicles	(1,211,355)	400,445	(810,910)	(112,286)	139,196	(784,000)
Total accumulated depreciation	<u>(12,489,645)</u>	<u>400,445</u>	<u>(12,089,200)</u>	<u>(1,859,294)</u>	<u>139,196</u>	<u>(13,809,298)</u>
Total capital assets, being depreciated, net	<u>37,184,438</u>	<u>4,625,052</u>	<u>41,809,490</u>	<u>(692,501)</u>	<u>(8,212)</u>	<u>41,108,777</u>
Governmental activities capital assets, net	<u>\$ 37,259,422</u>	<u>\$ 4,625,052</u>	<u>\$ 41,884,474</u>	<u>\$ (692,501)</u>	<u>\$ (8,212)</u>	<u>\$ 41,183,761</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 946,833
<u>Support services:</u>	
Pupil	76,446
Instructional staff	45,853
Board of Education	3,102
Administration	101,098
Fiscal	32,813
Business	9,727
Operations and maintenance	141,124
Pupil transportation	177,813
Central	15,951
Food service operations	69,822
Extracurricular	<u>238,712</u>
Total depreciation expense	<u>\$ 1,859,294</u>

NOTE 10 - CAPITALIZED LEASES

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

The stadium capital lease is being retired from the bond retirement fund (a nonmajor governmental fund) and the bus capital lease is being retired from the general fund. The capital lease payments are reflected as debt service expenditures in the statement of revenues, expenditures and changes in fund balances. A corresponding liability is recorded in the statement of net position. Principal payments in the 2014 fiscal year totaled \$76,240 paid from the general fund for the bus capital lease and \$207,000 paid from the bond retirement fund (a nonmajor governmental fund) for the stadium capital lease.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 10 - CAPITALIZED LEASES - (Continued)

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2014.

<u>Fiscal Year Ending June 30.</u>	<u>Governmental Activities</u>
2015	\$ 332,637
2016	334,973
2017	339,199
2018	343,289
2019	260,616
2020 - 2023	<u>944,546</u>
	2,555,260
Less: amount representing interest	<u>(179,803)</u>
Present value of minimum lease payments	<u><u>\$ 2,375,457</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 11 - LONG-TERM OBLIGATIONS

During fiscal year 2014, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>06/30/13</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/14</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
General obligation bonds					
Series 2003 energy conservation	\$ 205,000	\$ -	\$ (30,000)	\$ 175,000	\$ 30,000
Series 2006 school improvement:					
Current interest bonds	1,290,000	-	(415,000)	875,000	430,000
Premium	77,249	-	(25,750)	51,499	-
Series 2007 school improvement:					
Current interest bonds	1,280,000	-	-	1,280,000	-
Capital appreciation bonds	50,425	-	(19,442)	30,983	16,677
Accretion capital appreciation bonds	71,950	20,274	(35,558)	56,666	34,259
Series 2012 school improvement refunding:					
Current interest bonds	6,430,000	-	(125,000)	6,305,000	-
Capital appreciation bonds	119,990	-	-	119,990	35,664
Accretion capital appreciation bonds	51,526	153,055	-	204,581	59,865
Premium	1,259,352	-	(71,963)	1,187,389	-
Series 2013 school improvement refunding:					
Current interest bonds	5,555,000	-	(90,000)	5,465,000	80,000
Capital appreciation bonds	84,986	-	-	84,986	-
Accretion capital appreciation bonds	17,994	51,469	-	69,463	-
Premium	913,465	-	(44,559)	868,906	-
Total general obligation bonds	<u>17,406,937</u>	<u>224,798</u>	<u>(857,272)</u>	<u>16,774,463</u>	<u>686,465</u>
Capital lease obligations	2,658,697	-	(283,240)	2,375,457	291,951
Tax anticipation note	1,585,000	1,000,000	(235,000)	2,350,000	235,000
Compensated absences	<u>2,004,226</u>	<u>163,566</u>	<u>(451,841)</u>	<u>1,715,951</u>	<u>139,945</u>
Total long-term obligations, governmental activities	<u>\$ 23,654,860</u>	<u>\$ 1,388,364</u>	<u>\$ (1,827,353)</u>	<u>\$ 23,215,871</u>	<u>\$ 1,353,361</u>

Energy Conservations Bonds

On November 1, 2003, the District issued \$425,000 in general obligation bonds for the purpose of providing energy conservation measures for the District, under authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The bonds were issued for a fifteen year period with final maturity during fiscal year 2018. The bonds bear an interest rate ranging from 3.50-4.40 percent. The bonds are being retired from the bond retirement fund (a nonmajor governmental fund).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Series 2006 School Improvement Bonds

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

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

Series 2007 Improvement Bonds

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

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

The capital appreciation bonds mature January 15, 2014 through 2016. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as principal liability. During fiscal year 2014, one capital appreciation bond matured at an accreted value of \$55,000. The accreted value at maturity of the remaining two capital appreciation bonds at June 30, 2014 is \$110,000. For fiscal year 2014, there was \$56,666 in accretion on the remaining capital appreciation bonds.

Series 2012 School Improvement Refunding Bonds

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

The refunding issue is comprised of both current interest bonds, par value \$6,430,000, and capital appreciation bonds par value \$119,990. The interest rates on the current interest bonds range from 1.00%-3.00%. The capital appreciation bonds mature each January 15, 2015 through 2018 (stated interest rate 76.84%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,470,000. Total accreted interest of \$204,581 for Series 2012 capital appreciation bonds has been included on the statement of net position at June 30, 2014. Principal and interest payments are made from the bond retirement fund.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Series 2013 School Improvement Refunding Bonds

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

The refunding issue is comprised of both current interest bonds, par value \$5,555,000, and capital appreciation bonds par value \$84,986. The interest rates on the current interest bonds range from 1.00%-3.25%. The capital appreciation bonds mature each January 15, 2016 through 2022 (stated interest rate 46.03%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,175,000. Total accreted interest of \$69,463 for Series 2013 capital appreciation bonds has been included on the statement of net position at June 30, 2014. Principal and interest payments are made from the bond retirement fund.

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

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

Capital lease Obligations

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

Tax Anticipation Notes

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

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

Compensated Absences

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Future Debt Service Requirements

Principal and interest requirements to retire general obligation bonds and tax anticipation note outstanding at June 30, 2014 are as follows:

Fiscal Year	Energy Conservation Bond and		Capital Appreciation Bonds		Total Bonds	
	Current Interest Bonds		Principal	Accretion	Principal	Accretion/ Interest
	Principal	Interest				
<u>Ending June 30</u>						
2015	\$ 540,000	\$ 387,141	\$ 52,341	\$ 137,659	\$ 592,341	\$ 524,800
2016	480,000	367,841	58,255	216,745	538,255	584,586
2017	95,000	348,570	59,919	625,081	154,919	973,651
2018	95,000	344,632	33,601	651,399	128,601	996,031
2019	705,000	340,582	7,312	77,688	712,312	418,270
2020 - 2024	3,110,000	1,509,604	24,531	810,469	3,134,531	2,320,073
2025 - 2029	4,410,000	1,080,212	-	-	4,410,000	1,080,212
2030 - 2034	4,665,000	448,146	-	-	4,665,000	448,146
Total	<u>\$ 14,100,000</u>	<u>\$ 4,826,728</u>	<u>\$ 235,959</u>	<u>\$ 2,519,041</u>	<u>\$14,335,959</u>	<u>\$ 7,345,769</u>

Fiscal Year	Tax Anticipation Notes	
	Principal	Interest
<u>Ending June 30</u>		
2015	\$ 235,000	\$ 54,232
2016	240,000	48,612
2017	250,000	42,565
2018	255,000	36,436
2019	260,000	30,179
2020 - 2023	1,110,000	55,023
Total	<u>\$ 2,350,000</u>	<u>\$ 267,047</u>

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2014, are a voted debt margin of \$14,316,769 (including available funds of \$576,894), an unvoted debt margin of \$310,009, and an unvoted conservation debt margin of \$2,615,083.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 12 - RISK MANAGEMENT

A. Property and Liability

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

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

B. Workers' Compensation

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

C. Employee Medical Benefits

The District has contracted with the Stark County Schools Council of Governments Health Benefits Program (COG) to provide employee medical/surgical and dental benefits. The Stark County Schools Council of Governments Health Benefits Programs is a shared risk pool comprised of school districts. Rates are set through an annual calculation process. The District pays a monthly contribution which is paid to a common fund from which claim payments are made for all participants regardless of claim flow. The Board of Directors has the right to return monies to an exiting school district subsequent to the settlements of all expenses and claims. The District pays premiums of \$1,334.53 for family coverage and \$549.41 for single coverage per employee per month.

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

Dental insurance is also provided through the Stark County Schools Council of Governments Health Benefits Program. Premiums for dental coverage are \$188.29 for family coverage and \$76.37 for single coverage per employee per month.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "*Employers/Audit Resources*".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 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 a statutory maximum amount of 14 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 District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$524,810, \$518,461 and \$527,484, respectively; 81.31 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System of Ohio

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

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 13 - PENSION PLANS - (Continued)

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

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The 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 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,665,602, \$1,696,230 and \$1,779,316, respectively; 83.75 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$79,524 made by the District and \$62,483 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) 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 program 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 Section 3309.69 of the Ohio Revised Code. 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 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the 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 the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required 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 2014, 0.14 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 2014, the actuarially determined amount was \$20,250.

Active members do not contribute to the postemployment benefit plans. The 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 beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$73,103, \$86,012 and \$92,884, respectively; 81.31 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$30,447, \$29,287 and \$31,151, respectively; 81.31 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System of Ohio

Plan Description - The 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 report of STRS Ohio which may be obtained by visiting www.strsoh.org, under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$128,123, \$130,479 and \$136,870, respectively; 83.75 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 15 - OTHER EMPLOYEE BENEFITS

A. Life Insurance

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

B. Compensated Absences

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

C. Personal and Sick Leave Incentive

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

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (527,583)
Net adjustment for revenue accruals	1,090,076
Net adjustment for expenditure accruals	355,316
Net adjustment for other sources/uses	(50,313)
Funds budgeted elsewhere	(8,655)
Adjustment for encumbrances	<u>40,191</u>
GAAP basis	<u>\$ 899,032</u>

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

NOTE 17 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 18 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 14,689
Other governmental	<u>14,852</u>
Total	<u>\$ 29,541</u>

NOTE 19 - OPERATING LEASE

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

NOTE 20 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	459,441
Current year offsets	<u>(459,441)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

SUPPLEMENTARY DATA

RAVENNA CITY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Child Nutrition Grant Cluster:				
(D) (E) School Breakfast Program	10.553	2014	\$ 187,941	\$ 187,941
(D) (E) National School Lunch Program	10.555	2014	651,053	651,053
(C) (D) National School Lunch Program - Food Donation	10.555	2014	47,596	47,596
Total National School Lunch Program			698,649	698,649
Total Child Nutrition Grant Cluster			886,590	886,590
Fresh Fruit and Vegetable Program	10.582	2014	44	44
Total U.S. Department of Agriculture			886,634	886,634
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
(G) Title I Grants to Local Educational Agencies	84.010	2013	77,140	152,594
(G) Title I Grants to Local Educational Agencies	84.010	2014	708,625	688,866
Total Title I Grants to Local Educational Agencies			785,765	841,460
Special Education Grant Cluster:				
(F) Special Education_Grants to States	84.027	2013	15,832	50,352
(F) Special Education_Grants to States	84.027	2014	581,007	579,648
Total Special Education _Grants to States			596,839	630,000
(F) Special Education_Preschool Grants	84.173	2013	2,484	2,725
(F) Special Education_Preschool Grants	84.173	2014	17,588	17,085
Total Special Education_Preschool Grants			20,072	19,810
Total Special Education Grant Cluster			616,911	649,810
Improving Teacher Quality State Grants	84.367	2014	130,465	129,962
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top, Recovery Act - Resident Educator	84.395A	2014	5,250	5,250
Total U.S. Department of Education			1,538,391	1,626,482
Total Federal Financial Assistance			\$ 2,425,025	\$ 2,513,116

NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS:

- (A) OAKS did not assign pass-through numbers for fiscal year 2014.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (D) Included as part of "Child Nutrition Grant Cluster" in determining major programs.
- (E) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (F) Included as part of "Special Education Grant Cluster" in determining major programs.
- (G) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2014, the ODE authorized the following transfers:

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
Title I Grants to Local Educational Agencies	84.010	2013	\$ 12,569	
Title I Grants to Local Educational Agencies	84.010	2014		\$ 12,569
Totals			\$ 12,569	\$ 12,569



Julian & Grube, Inc.
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**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards***

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Ravenna City School District, Portage County, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Ravenna City School District's basic financial statements and have issued our report thereon dated December 19, 2014, wherein we noted the Ravenna City School District restated their June 30, 2013 not position, as discussed in Note 3.C.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a significant deficiency in internal control. We consider finding 2014-001 to be a significant deficiency.

Board of Education
Ravenna City School District

Compliance and Other Matters

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

Ravenna City School District's Response to Finding

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

Purpose of this Report

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



Julian & Grube, Inc.
December 19, 2014



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Independent Auditor's Report on Compliance With Requirements Applicable to The Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

To the Board of Education:

Report on Compliance for The Major Federal Program

We have audited the Ravenna City School District's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Ravenna City School District's major federal program for the fiscal year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings and responses identifies the Ravenna City School District's major federal program.

Management's Responsibility

The Ravenna City School District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Ravenna City School District's compliance for the Ravenna City School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Ravenna City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on The Major Federal Program

In our opinion, the Ravenna City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2014.

Board of Education
Ravenna City School District

Report on Internal Control Over Compliance

The Ravenna City School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Ravenna City School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Ravenna City School District's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
December 19, 2014

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

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Special Education Grants to States, CFDA #84.027
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2014**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2014-001

Significant Deficiency - Financial Reporting

The presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. It is important that control procedures are developed related to capital assets that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

The District had an adjustment to its beginning (net position) balance of Governmental Activities in the amount of \$4,625,052 due to a reappraisal of the District's capital assets.

The restatement is primarily due to the following:

1. Incorrect values assigned to assets during the appraisal by the outside appraisal company
2. Assets not properly reflected as disposals by the appraisal company
3. Material assets not included by the appraisal company

We recommend the District annually perform a detailed review of its asset inventory listing. As part of this review, we recommend the district perform timely reviews of any fixed asset report prepared by an outside appraisal company.

Client Response: Upon the Treasurers' arrival at the district he discovered that it had been 8-10 years since the District had its last physical inventory appraisal by an outside company. It is usually recommended that a physical inventory be conducted every 3-5 years. The District updated this old appraisal report by adding and deleting assets each year. Several inaccuracies were noted and he hired a new outside appraisal company to perform a physical inventory in 2013. Unfortunately, the new company utilized the old report as a basis to conduct their appraisal. They neglected to properly review this old report for accuracy. Therefore, the 2013 report improperly included assets that were disposed of in previous years; the report did not reflect several key high dollar assets that are still in use; finally assets were reported at the incorrect value. In 2014 the District performed an extensive review of its fixed asset procedures and this new report. These errors were discovered by the district during this extensive review. Unfortunately the errors were reflected in the FY 2013 numbers. Thus a restatement of the beginning FY 2014 balance was necessary to bring the Districts fixed asset report in line and reflect its proper value. Although this finding is unfortunate, we believe the restatement was necessary to correct the appraisal companies report and properly reflect the true asset position of the District.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

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Dave Yost • Auditor of State

RAVENNA CITY SCHOOL DISTRICT

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 17, 2015**