RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2019

OHIO AUDITOR OF STATE
KEITH FABER

RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY
JUNE 30, 2019

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OHIO AUDITOR OF STATE
KEITH FABER

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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, the major fund, and the aggregate remaining fund information of the Ravenna City School District, Portage County, Ohio (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the 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 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 District's internal control. Accordingly, we express no such 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.

Efficient • Effective • Transparent

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Ravenna City School District, Portage County, Ohio, as of June 30, 2019, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

January 10, 2020

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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, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2019 are as follows:

- In total, net position of governmental activities increased $3,560,699 from fiscal year 2018's net position.

- General revenues accounted for $29,116,441 in revenue or 81.68% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $6,530,639 or 18.32% of total revenues of $35,647,080.

- The District had $32,086,381 in expenses related to governmental activities; $6,530,639 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 $29,116,441 were adequate to provide for these programs.

- The District's major governmental fund is the general fund. The general fund had $29,766,313 in revenues and $29,923,449 in expenditures and other financing uses. During fiscal year 2019, the general fund's fund balance decreased $157,136 from a fund balance of $3,233,147 to $3,076,011.

Using the Basic Financial Statements (BFS)

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" 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.

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 17-18 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 12. 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 19-23 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 24 and 25. 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 27-69 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 72 - 87 of this report.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for fiscal years 2019 and 2018.

	Net Position - Governmental Activities	
	2019	2018
Assets		
Current and other assets	$ 22,779,693	$ 19,336,315
Capital assets, net	35,810,600	36,189,330
Total assets	58,590,293	55,525,645
Deferred outflows of resources		
Unamortized deferred charges	995,001	1,074,033
Pension	7,973,854	9,824,709
OPEB	420,510	341,727
Total deferred outflows	9,389,365	11,240,469
Liabilities		
Current liabilities	4,440,266	3,860,331
Long-term liabilities:		
Due within one year	1,649,751	1,477,388
Due in more than one year:		
Net pension liability	31,710,879	34,018,045
Net OPEB liability	3,739,109	7,835,116
Other amounts	18,348,206	17,785,562
Total liabilities	59,888,211	64,976,442
Deferred inflows of resources		
Property taxes	10,250,024	9,967,999
Pension	3,153,440	2,869,837
OPEB	3,151,390	975,942
Total deferred inflows	16,554,854	13,813,778
Net Position		
Net investment in capital assets	19,700,273	19,955,560
Restricted	1,832,916	1,516,626
Unrestricted (deficit)	(29,996,596)	(33,496,292)
Total net position (deficit)	$ (8,463,407)	$ (12,024,106)

The net pension liability (NPL) is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and the net OPEB liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and the net OPEB asset and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

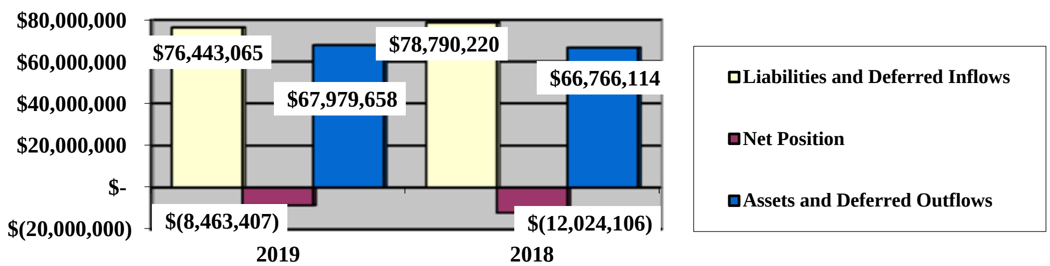
As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

At year-end, capital assets represented 61.12% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. The District's net investment in capital assets at June 30, 2019, was $19,700,273. 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, $1,832,916, 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 $29,996,596.

The graphs below show the District's governmental activities assets and deferred outflows, liabilities and deferred inflows, and net position at June 30, 2019 and June 30, 2018.

Governmental Activities



The table below shows the change in net position for fiscal years 2019 and 2018.

	Change in Net Position	
	Governmental Activities 2019	Governmental Activities 2018
Revenues		
Program revenues:		
Charges for services and sales	$ 877,081	$ 1,035,039
Operating grants and contributions	5,580,308	5,213,847
Capital grants and contributions	73,250	82,600
General revenues:		
Property taxes	12,726,950	12,233,301
Payments in lieu of taxes	19,105	47,114
Grants and entitlements	16,225,241	16,514,433
Investment earnings	91,972	15,307
Miscellaneous	53,173	33,732
Total revenues	35,647,080	35,175,373

- Continued

Change in Net Position

	Governmental Activities 2019	Governmental Activities 2018
Expenses		
Program expenses:		
Instruction:		
Regular	$ 8,474,805	$ 4,239,650
Special	6,609,423	3,927,794
Vocational	209,331	96,924
Other	3,347,782	3,384,119
Support services:		
Pupil	1,964,951	1,101,541
Instructional staff	1,360,252	531,729
Board of education	179,971	141,379
Administration	1,798,708	1,001,872
Fiscal	640,523	487,952
Business	211,129	184,419
Operations and maintenance	2,712,285	2,740,220
Pupil transportation	1,383,615	956,397
Central	468,427	347,998
Operation of non-instructional services:		
Food service operations	1,299,687	1,223,095
Other non-instructional services	14,100	19,967
Extracurricular activities	865,702	456,493
Interest and fiscal charges	545,690	658,175
Total expenses	32,086,381	21,499,724
Change in net position	3,560,699	13,675,649
Net position (deficit) at beginning of year	(12,024,106)	(25,699,755)
Net position (deficit) at end of year	$ (8,463,407)	$ (12,024,106)

Governmental Activities

Net position of the District's governmental activities increased $3,560,699. Total governmental expenses of $32,086,381 were offset by program revenues of $6,530,639 and general revenues of $29,116,441. Program revenues supported 20.35% of the total governmental expenses. Charges for services and sales decreased $157,958 primarily due to a $136,902 reduction in revenues related to instructional activities. Property tax general revenues increased $493,649 primarily due to a $175,568 increase in property tax revenues collected for the permanent improvement fund, a nonmajor governmental fund.

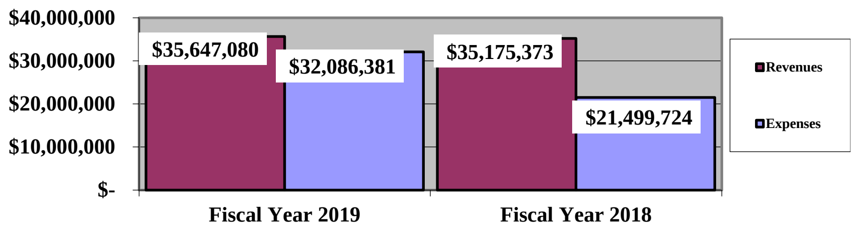
Expenses of the governmental activities increased $10,586,657 or 49.24%. This increase is primarily the result of the STRS indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employee Retirement System (SERS) lowering the COLA from 3.00% to 2.50% in fiscal year 2018. These benefit changes caused a decrease to the net pension liability reported at June 30, 2018 and the subsequent expenses reported for fiscal year 2018 when compared to fiscal year 2017.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 81.22% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled $18,641,341 or 58.10% of total governmental expenses for fiscal year 2019.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2019 and 2018:

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. The table below shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2019 and 2018.

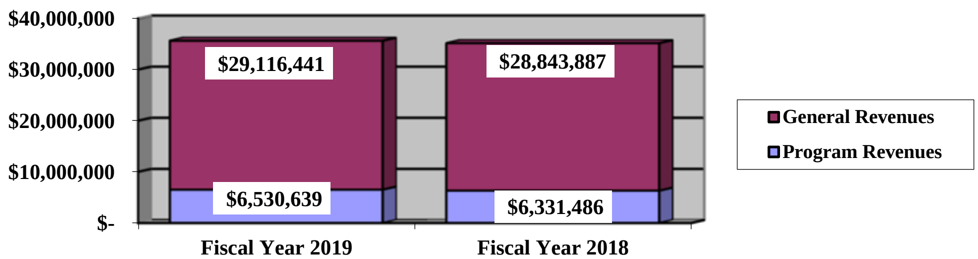
Governmental Activities

	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
Program expenses				
Instruction:				
Regular	$ 8,474,805	$ 7,895,708	$ 4,239,650	$ 3,579,429
Special	6,609,423	2,925,757	3,927,794	276,182
Vocational	209,331	57,387	96,924	(25,154)
Other	3,347,782	3,347,782	3,384,119	3,376,769
Support services:				
Pupil	1,964,951	1,870,634	1,101,541	1,037,999
Instructional staff	1,360,252	1,340,688	531,729	511,460
Board of education	179,971	179,971	141,379	141,379
Administration	1,798,708	1,798,708	1,001,872	1,001,872
Fiscal	640,523	640,523	487,952	487,952
Business	211,129	211,129	184,419	184,419
Operations and maintenance	2,712,285	2,459,559	2,740,220	2,549,410
Pupil transportation	1,383,615	1,262,563	956,397	792,070
Central	468,427	427,807	347,998	265,398
Operations of non-instructional services:				
Other non-instructional services	14,100	2,374	19,967	12,886
Food service operations	1,299,687	(125,933)	1,223,095	15,225
Extracurricular activities	865,702	715,395	456,493	302,767
Interest and fiscal charges	545,690	545,690	658,175	658,175
Total expenses	$ 32,086,381	$ 25,555,742	$ 21,499,724	$ 15,168,238

The dependence upon tax and other general revenues for governmental activities is apparent; as 76.32% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79.65%. 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 2019 and 2018.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of $5,783,670, which is greater than last year's total of $4,931,199. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2019 and 2018.

	Fund Balance June 30, 2019	Fund Balance June 30, 2018	Change	Percentage Change
General	$ 3,076,011	$ 3,233,147	$ (157,136)	(4.86) %
Other Governmental	2,707,659	1,698,052	1,009,607	59.46 %
Total	$ 5,783,670	$ 4,931,199	$ 852,471	17.29 %

General Fund

The District's general fund balance decreased $157,136 from a fund balance of $3,233,147 to a fund balance of $3,076,011.

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

	2019 Amount	2018 Amount	Change	Percentage Change
Revenues				
Taxes	$ 10,520,904	$ 10,197,470	$ 323,434	3.17 %
Payment in lieu of taxes	19,105	47,114	(28,009)	(59.45) %
Tuition	508,690	645,592	(136,902)	(21.21) %
Earnings on investments	14,667	14,402	265	1.84 %
Intergovernmental	18,388,615	18,581,848	(193,233)	(1.04) %
Other revenues	314,332	318,439	(4,107)	(1.29) %
Total	$ 29,766,313	$ 29,804,865	$ (38,552)	(0.13) %
Expenditures				
Instruction	$ 18,748,266	$ 18,577,836	$ 170,430	0.92 %
Support services	10,361,900	10,295,704	66,196	0.64 %
Non-instructional services	655	11,434	(10,779)	(94.27) %
Extracurricular activities	629,361	697,482	(68,121)	(9.77) %
Debt service	87,395	172,031	(84,636)	(49.20) %
Total	$ 29,827,577	$ 29,754,487	$ 73,090	0.25 %

Revenues of the general fund decreased $38,552 or 0.13% from fiscal year 2018. Property taxes increased $323,434 or 3.17% primarily due to a fluctuation in the amount of taxes available as an advance to the District at June 30, 2019, June 30, 2018. Intergovernmental revenue decreased $193,233 or 1.04% due to a decrease in state revenues. Tuition revenue decreased 136,902 or 21.21% due to a reduction in both out of district and foundation revenues. All other revenues were consistent with the prior fiscal year.

Expenditures of the general fund increased $73,090 or 0.25%. Debt service decreased $84,636 or 49.20% due to one of the District's capital leases maturing in fiscal year 2018. Payments for that lease were being paid out of the general fund. Extracurricular activities decreased $68,121 or 9.77% primarily due to a decrease in extracurricular salaries and payroll related expenses. Instructional expenditures increased by $170,430 or 0.92% due to a large increase in special instructional expenditures of $247,743. 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 $29,368,958 and were increased to $30,984,402 for the final budget. Actual revenues and other financing sources for fiscal year 2019 were $29,956,636. This represents a $1,027,766 decrease from final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses when applicable) of $31,210,623 was increased to $31,871,623 for the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2019 totaled $30,022,742, which was $1,848,881 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2019, the District had $35,810,600 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities.

The following table shows June 30, 2019 balances compared to June 30, 2018:

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2019	2018
Land	$ 74,984	$ 74,984
Construction in progress	881,517	-
Land improvements	2,201,576	2,409,190
Buildings and improvements	31,466,268	32,446,075
Furniture and equipment	600,144	573,775
Vehicles	586,111	685,306
Total	$ 35,810,600	$ 36,189,330

Total additions to capital assets for 2019 were $1,058,811. Disposals to capital assets for 2019 were $5,000 (net of accumulated depreciation). Depreciation expense for fiscal 2019 was $1,432,541. Overall, capital assets of the District decreased $378,730.

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

Debt Administration

At June 30, 2019, the District had $14,135,639 in general obligation bonds outstanding, $1,110,000 in tax anticipation notes, $1,712,833 in direct borrowing lease purchase agreements, $331,002 in loan agreements, and $998,247 in capital lease obligations. Of the outstanding obligations total, $1,569,719 is due within one year and $16,718,002 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 2019	Governmental Activities 2018
General obligation bonds	$ 14,135,639	$ 14,916,694
Tax anticipation note	1,110,000	1,370,000
Lease purchase agreement - direct borrowing	1,712,833	-
Loan agreement - direct borrowing	331,002	-
Capital lease obligations	998,247	1,323,398
Total	$ 18,287,721	$ 17,610,092

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

Current Financial Related Activities

Local property taxes have remained consistent for the District and we are starting to see overall property values rises with the most recent re-evaluations taking place in Portage County. This is a reflection of the trends both locally and at the State level. The District will see minimal increases from the property value increase due to not being on the 20-mill floor and the growth restrictions for school district property taxes still in place from the passage of HB 920 in 1976.

Enrollment has been declining over the previous fiscal years. The District is currently projecting enrollment to continue to decline slightly with the hopes that we are starting to find the bottom of this trend. The District continues to be hurt by current open enrollment standards and students attending STEM and charter schools. The administration continues to strive to right size the District, balancing revenue, expenditures and student needs.

The District ended fiscal year 2019 with a carry-over balance of $4,416,244 in the General Fund, which added $168,779 from fiscal year 2018. Moving forward, the District is projecting deficit spending for all five years of the forecast.

The District has settled contracts with all three unions. The certified union and District agreed upon a 2-year contract which will give a 1% raise in fiscal year 2020 and 2% raise in fiscal year 2021. Both classified unions contracts will give a $.20 per hour raise in fiscal year 2020 and a 2% raise in fiscal year 2021. The administrators and non-union positions will follow the teacher's agreement. The District was only able to settle on a 2-year agreement with all three unions due to negative cash balance projections in year three of the five-year forecast.

The District was able to move permanent improvement (P/I) expenditures to the new P/I levy that was passed in 2017. This has helped alleviate the burden on the General Fund. The District is starting to plan for the renewal of the P/I levy which will have to be renewed by 2022.

The District will continue to look at all possible options to help alleviate the upcoming financial challenges and pursue alternative funding sources to supplement the Districts operating budget. These strategies will give the District the ability to improve and stabilize the current financial position. Ultimately our goal, as we navigate these financial difficulties, is to continue to improve student academic performance and provide a safe and productive atmosphere for our 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 Craig McKendry, 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, 2019

	Governmental Activities
Assets:	
Equity in pooled cash and investments	$ 7,522,198
Receivables:	
Property taxes	13,150,505
Payment in lieu of taxes	915
Accounts	27,483
Intergovernmental	189,525
Prepayments	89,435
Materials and supplies inventory	31,037
Inventory held for resale	8,974
Net OPEB asset	1,759,621
Capital assets:	
Nondepreciable capital assets	956,501
Depreciable capital assets, net	34,854,099
Capital assets, net	35,810,600
Total assets	58,590,293
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	995,001
Pension	7,973,854
OPEB	420,510
Total deferred outflows of resources	9,389,365
Liabilities:	
Accounts payable	264,838
Contracts payable	403,946
Retainage payable	19,016
Accrued wages and benefits payable	3,054,157
Intergovernmental payable	70,726
Pension and postemployment benefits payable	436,845
Accrued interest payable	190,738
Long-term liabilities:	
Due within one year	1,649,751
Due in more than one year:	
Net pension liability	31,710,879
Net OPEB liability	3,739,109
Other amounts due in more than one year	18,348,206
Total liabilities	59,888,211
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	10,250,024
Pension	3,153,440
OPEB	3,151,390
Total deferred inflows of resources	16,554,854
Net position:	
Net investment in capital assets	19,700,273
Restricted for:	
Capital projects	977,529
Classroom facilities maintenance	741,413
Debt service	56,369
Other purposes	14,323
Targeted academic assistance	443
Student activities	22,197
Special education	20,642
Unrestricted (deficit)	(29,996,596)
Total net position (deficit)	$ (8,463,407)

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, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental activities:					
Instruction:					
Regular	$ 8,474,805	$ 450,205	$ 128,892	$ -	$ (7,895,708)
Special	6,609,423	58,485	3,625,181	-	(2,925,757)
Vocational	209,331	-	151,944	-	(57,387)
Other	3,347,782	-	-	-	(3,347,782)
Support services:					
Pupil	1,964,951	-	94,317	-	(1,870,634)
Instructional staff	1,360,252	-	19,564	-	(1,340,688)
Board of education	179,971	-	-	-	(179,971)
Administration	1,798,708	-	-	-	(1,798,708)
Fiscal	640,523	-	-	-	(640,523)
Business	211,129	-	-	-	(211,129)
Operations and maintenance	2,712,285	171,520	48,576	32,630	(2,459,559)
Pupil transportation	1,383,615	14,236	106,816	-	(1,262,563)
Central	468,427	-	-	40,620	(427,807)
Operation of non-instructional services:					
Other non-instructional services	14,100	-	11,726	-	(2,374)
Food service operations	1,299,687	38,526	1,387,094	-	125,933
Extracurricular activities	865,702	144,109	6,198	-	(715,395)
Interest and fiscal charges	545,690	-	-	-	(545,690)
Total governmental activities	$ 32,086,381	$ 877,081	$ 5,580,308	$ 73,250	(25,555,742)
		General revenues:			
		Property taxes levied for:			
		General purposes			10,521,742
		Debt service			928,466
		Special revenue			125,514
		Capital outlay			1,151,228
		Payments in lieu of taxes			19,105
		Grants and entitlements not restricted to specific programs			16,225,241
		Investment earnings			91,972
		Miscellaneous			53,173
		Total general revenues			29,116,441
		Change in net position			3,560,699
		Net position (deficit) at beginning of year			(12,024,106)
		Net position (deficit) at end of year			$ (8,463,407)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash			
and investments	$ 4,493,299	$ 3,028,899	$ 7,522,198
Receivables:			
Property taxes.	10,826,588	2,323,917	13,150,505
Payment in lieu of taxes	915	-	915
Accounts	27,483	-	27,483
Intergovernmental.	85,320	104,205	189,525
Prepayments.	45,059	44,376	89,435
Materials and supplies inventory	28,136	2,901	31,037
Inventory held for resale	-	8,974	8,974
Due from other funds	2,088	-	2,088
Total assets	$ 15,508,888	$ 5,513,272	$ 21,022,160
Liabilities:			
Accounts payable	$ 132,801	$ 132,037	$ 264,838
Contracts payable.	-	403,946	403,946
Retainage payable.	-	19,016	19,016
Accrued wages and benefits payable	2,716,208	337,949	3,054,157
Compensated absences payable	21,353	-	21,353
Intergovernmental payable	66,621	4,105	70,726
Pension and postemployment benefits payable	406,198	30,647	436,845
Due to other funds	-	2,088	2,088
Total liabilities.	3,343,181	929,788	4,272,969
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	8,489,116	1,760,908	10,250,024
Delinquent property tax revenue not available	528,667	114,917	643,584
Intergovernmental revenue not available	71,913	-	71,913
Total deferred inflows of resources	9,089,696	1,875,825	10,965,521
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	28,136	2,901	31,037
Prepaids	45,059	44,376	89,435
Restricted:			
Debt service	-	605,324	605,324
Capital improvements	-	1,331,707	1,331,707
Classroom facilities maintenance	-	741,413	741,413
Special education	-	20,642	20,642
Targeted academic assistance	-	443	443
Other purposes.	-	14,323	14,323
Extracurricular.	-	22,136	22,136
Committed:			
Capital improvements	-	70,621	70,621
Extracurricular.	5,750	-	5,750
Student and staff support	41,067	-	41,067
Student instruction	38,681	-	38,681
Assigned:			
Student instruction	25,559	-	25,559
Student and staff support.	176,852	-	176,852
Subsequent year's appropriations	1,490,024	-	1,490,024
Unassigned (deficit)	1,224,883	(146,227)	1,078,656
Total fund balances	3,076,011	2,707,659	5,783,670
Total liabilities, deferred inflows and fund balances.	$ 15,508,888	$ 5,513,272	$ 21,022,160

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, 2019

Total governmental fund balances		$ 5,783,670
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		35,810,600
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 643,584	
Intergovernmental receivable	71,913	
Total		715,497
Unamortized premiums on bonds issued are not recognized in the funds.		(1,527,667)
Unamortized amounts on refundings are not recognized in the funds.		995,001
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(190,738)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred outflows of resources - pension	7,973,854	
Deferred inflows of resources - pension	(3,153,440)	
Net pension liability	(31,710,879)	
Total		(26,890,465)
The net OPEB liability/asset is not due and payable in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds:		
Deferred outflows of resources - OPEB	420,510	
Deferred inflows of resources - OPEB	(3,151,390)	
Net OPEB asset	1,759,621	
Net OPEB liability	(3,739,109)	
Total		(4,710,368)
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	(12,607,972)	
Capital lease obligations	(998,247)	
Tax anticipation note	(1,110,000)	
Loan agreements	(331,002)	
Lease purchase agreements	(1,712,833)	
Compensated absences	(1,688,883)	
Total		(18,448,937)
Net position (deficit) of governmental activities		$ (8,463,407)

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, 2019

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
From local sources:			
Property taxes	$ 10,520,904	$ 2,208,230	$ 12,729,134
Payment in lieu of taxes	19,105	-	19,105
Tuition	508,690	-	508,690
Transportation fees	14,236	-	14,236
Earnings on investments	14,667	6,958	21,625
Charges for services	-	38,526	38,526
Extracurricular	56,602	66,806	123,408
Classroom materials and fees	250	-	250
Rental income	171,520	1,900	173,420
Contributions and donations	29,829	73,784	103,613
Other local revenues	41,895	5,061	46,956
Intergovernmental - intermediate	-	1,200	1,200
Intergovernmental - state	18,029,594	531,434	18,561,028
Intergovernmental - federal	359,021	2,937,183	3,296,204
Total revenues	29,766,313	5,871,082	35,637,395
Expenditures:			
Current:			
Instruction:			
Regular	9,157,861	165,405	9,323,266
Special	5,977,268	1,539,100	7,516,368
Vocational	244,337	-	244,337
Other	3,368,800	-	3,368,800
Support services:			
Pupil	2,050,978	94,699	2,145,677
Instructional staff	980,459	507,526	1,487,985
Board of education	177,243	-	177,243
Administration	2,051,467	-	2,051,467
Fiscal	624,753	45,599	670,352
Business	266,819	-	266,819
Operations and maintenance	2,474,848	414,412	2,889,260
Pupil transportation	1,287,711	98,372	1,386,083
Central	447,622	72,464	520,086
Operation of non-instructional services:			
Other non-instructional services	655	11,782	12,437
Food service operations	-	1,341,631	1,341,631
Extracurricular activities	629,361	113,001	742,362
Facilities acquisition and construction	-	889,345	889,345
Debt service:			
Principal retirement	83,151	1,335,414	1,418,565
Interest and fiscal charges	4,244	411,911	416,155
Accreted interest on capital appreciation bonds.	-	77,688	77,688
Total expenditures	29,827,577	7,118,349	36,945,926
Excess of expenditures over revenues	(61,264)	(1,247,267)	(1,308,531)
Other financing sources (uses):			
Transfers in	-	665,375	665,375
Transfers (out)	(95,872)	(569,503)	(665,375)
Lease purchase agreement	-	1,720,000	1,720,000
Loan proceeds	-	441,002	441,002
Total other financing sources (uses)	(95,872)	2,256,874	2,161,002
Net change in fund balances	(157,136)	1,009,607	852,471
Fund balances at beginning of year	3,233,147	1,698,052	4,931,199
Fund balances at end of year	$ 3,076,011	$ 2,707,659	$ 5,783,670

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, 2019

Net change in fund balances - total governmental funds		$ 852,471
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	$ 1,058,811	
Current year depreciation	(1,432,541)	
Total		(373,730)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(5,000)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(2,184)	
Intergovernmental	11,869	
Total		9,685
Repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	708,935	
Capital appreciation bonds	7,312	
Accreted interest on capital appreciation bonds	77,688	
Tax anticipation note	260,000	
Loan agreement	7,167	
Lease purchase agreements	110,000	
Capital leases	325,151	
Total		1,496,253
Issuance of loans and lease purchase agreements 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.		
Loans	(441,002)	
Lease purchase agreement	(1,720,000)	
Total		(2,161,002)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
Change in accrued interest payable	(37,623)	
Accreted interest on capital appreciation bonds	(133,706)	
Amortization of bond premiums	120,826	
Amortization of deferred charges	(79,032)	
Total		(129,535)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		2,436,984
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(2,264,276)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		100,214
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the statement of activities.		3,658,749
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.		(60,114)
Change in net position of governmental activities		$ 3,560,699

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, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
From local sources:				
Property taxes	$ 9,991,420	$ 10,022,174	$ 10,082,373	$ 60,199
Payment in lieu of taxes	19,104	19,104	19,104	-
Tuition.	655,126	565,632	508,691	(56,941)
Transportation fees.	27,000	27,000	14,236	(12,764)
Earnings on investments	16,050	17,035	14,687	(2,348)
Rental income	160,000	486,597	171,340	(315,257)
Contributions and donations	-	-	16,250	16,250
Other local revenues	52,965	493,717	27,354	(466,363)
Intergovernmental - state	18,258,720	18,387,141	18,074,940	(312,201)
Intergovernmental - federal	161,573	194,604	287,290	92,686
Total revenues	29,341,958	30,213,004	29,216,265	(996,739)
Expenditures:				
Current:				
Instruction:				
Regular	9,405,100	9,375,611	9,218,349	157,262
Special.	6,768,395	6,154,497	5,967,419	187,078
Vocational.	230,308	242,059	241,855	204
Other.	3,481,822	3,383,288	3,374,376	8,912
Support services:				
Pupil.	2,138,886	2,235,452	2,034,565	200,887
Instructional staff	1,022,787	1,484,994	1,028,426	456,568
Board of education	177,149	220,892	209,806	11,086
Administration.	2,071,197	2,082,825	2,067,476	15,349
Fiscal	670,342	656,470	632,722	23,748
Business	276,459	347,885	288,805	59,080
Operations and maintenance.	2,556,411	2,551,711	2,476,214	75,497
Pupil transportation	1,420,545	1,392,942	1,370,963	21,979
Central.	454,384	504,336	461,443	42,893
Other operation of non-instructional services	665	654	-	654
Extracurricular activities.	536,173	555,384	554,451	933
Total expenditures	31,210,623	31,189,000	29,926,870	1,262,130
Excess of expenditures over revenues	(1,868,665)	(975,996)	(710,605)	265,391
Other financing sources (uses):				
Refund of prior year's expenditures	25,000	529,398	729,559	200,161
Transfers (out).	-	(54,992)	(95,872)	(40,880)
Advances in.	-	240,000	1,466	(238,534)
Advances (out)	-	(627,631)	-	627,631
Sale of capital assets	2,000	2,000	9,346	7,346
Total other financing sources (uses)	27,000	88,775	644,499	555,724
Net change in fund balance	(1,841,665)	(887,221)	(66,106)	821,115
Fund balance at beginning of year	4,132,166	4,132,166	4,132,166	-
Prior year encumbrances appropriated	115,291	115,291	115,291	-
Fund balance at end of year	$ 2,405,792	$ 3,360,236	$ 4,181,351	$ 821,115

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Private-Purpose Trust	
	Scholarship	**Agency**
Assets:		
Equity in pooled cash and investments	$ 48,155	$ 71,266
Cash and investments in segregated accounts	893,630	-
Receivables:		
Accrued interest	5,735	-
Notes	358,134	-
Total assets	1,305,654	$ 71,266
Liabilities:		
Accounts payable	-	$ 11
Due to students	-	62,748
Undistributed monies	-	8,507
Total liabilities	-	$ 71,266
Net position:		
Held in trust for scholarships	1,305,654	
Total net position	$ 1,305,654	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	$ 28,448
Gifts and contributions	92,122
Total additions	120,570
Deductions:	
Scholarships awarded	16,089
Change in net position	104,481
Net position at beginning of year	1,201,173
Net position at end of year	$ 1,305,654

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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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 201 certified and 149 non-certified employees to provide services to approximately 2,688 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.

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 6057 Strip Avenue, NW, North Canton, Ohio 44720. During the year ended June 30, 2019, the District paid $84,413 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. Financial information can be obtained by contacting the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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.

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.

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

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.

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.

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Note 13 and 14 for deferred outflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Note 13 and 14 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

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

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 investments accounts are reported as "cash and investments in segregated accounts" on the financial statements.

During fiscal year 2019, 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 2019 amounted to $14,667, which includes $3,269 assigned from other District funds.

F. Bond Premium/Accounting Gain or Loss

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

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

G. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition value. 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.

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

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

Description	Useful Lives
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 materials and supplies inventory at fiscal year-end. Inventory consists of expendable supplies held for consumption.

I. Compensated Absences

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2019 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.

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

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 and net pension liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds, notes, and capital leases are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

K. Net Position

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

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

L. Fund Balance

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

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

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

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

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

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.

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 2019.

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.

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2019.

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

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

Q. Pensions/Other Postemployment Benefits (OPEB)

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

R. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance.

S. Fair value

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

T. Interfund Balances

On the fund financial statements, other receivables related to interfund activity are classified as “due from other funds” and “due to other funds”. These amounts are eliminated in the governmental activities’ column of the statement of net position.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2019, the District has implemented GASB Statement No. 83, "*Certain Asset Retirement Obligations*" and GASB Statement No. 88, "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the District.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statement of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2019 included the following individual fund deficits:

Nonmajor funds	Deficit
Food Services	$ 15,810
Public school - Preschool	35,741
IDEA - Part B	86,594
Title III - Limited English Proficiency	2,088
IDEA - Part B - Preschool Stimulus	1,873

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the fair 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 Treasurer’s investment pool, 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 and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,

8. Under limited circumstances, corporate note interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Cash on Hand

At fiscal year end, the District had $200 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and investments”.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Cash and Investments in Segregated Accounts

At year-end, the District had $893,630 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.

C. Deposits with Financial Institutions

At June 30, 2019, the carrying amount of all District deposits was $7,623,027 and the bank balance of all District deposits was $8,180,067. Of the bank balance, $1,975,578 was covered by the FDIC and $6,204,489 was potentially exposed to custodial credit risk discussed below because those deposits were uninsured and could be uncollateralized. Although 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.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2019, the District’s deposits are insured with a qualified trustee. Although 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.

D. Investments

As of June 30, 2019, the District had the following investments and maturities:

		Investment Maturities		
Measurement/ Investment type	Measurement Amount	6 months or less	13 to 18 months	Greater Than 24 months
Fair Value:				
Negotiable CD's	$ 804,355	$ 281,108	$ 237,556	$ 285,691
U.S. Government money market mutual fund	107,667	107,667	-	-
Total	$ 912,022	$ 388,775	$ 237,556	$ 285,691

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs).

The District’s investments in negotiable certificates of deposit are valued using quoted market prices that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either direct or indirectly (Level 2 inputs).

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Credit Risk: Standard & Poor's has assigned the U.S. Government Money Market an AAAm money market rating. The negotiable CD's are fully covered by the FDIC and are not rated. 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, 2019:

Measurement/ Investment type	Measurement Amount	% of Total
Fair Value:		
Negotiable CD's	$ 804,355	88.19
U.S. Government money market mutual fund	107,667	11.81
Total	$ 912,022	100.00

E. 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, 2019:

Cash and investments per note	
Carrying amount of deposits	$ 7,623,027
Investments	912,022
Cash on hand	200
Total	$ 8,535,249
Cash and investments per statement of net position	
Governmental activities	$ 7,522,198
Private-purpose trust funds	941,785
Agency funds	71,266
Total	$ 8,535,249

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended June 30, 2019, consisted of the following, as reported on the fund financial statements:

	Amount
Transfers from general fund to:	
Nonmajor governmental funds	$ 95,872
Transfers from nonmajor governmental funds to:	
Nonmajor governmental funds	569,503
Total	$ 665,375

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The District transferred $499,803 from the permanent improvement fund (a nonmajor governmental fund) to the bond retirement fund (a nonmajor governmental fund) for the repayment of the District's debt. The District transferred $69,700 from the stadium improvement fund (a nonmajor governmental fund) to the bond retirement fund (a nonmajor governmental fund) for the repayment of the stadium lease obligation. Interfund transfers between governmental funds are eliminated on the government-wide financial statements. All transfers were in compliance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

B. Due to/from other funds consisted of the following at June 30, 2019, as reported on the fund statement:

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental funds	$ 2,088

The primary purpose of the amount due to the general fund from the nonmajor governmental fund was to eliminate negative cash balances. The amount will be repaid once cash is received.

Amounts due to/from between governmental funds are eliminated on the government-wide statements.

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 2019 represent the collection of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed values as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair 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 2019 represent the collection of calendar year 2018 taxes. Public utility real and personal property taxes received in calendar year 2019 became a lien on December 31, 2017, were levied after April 1, 2018, 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.

NOTE 6 - PROPERTY TAXES – (Continued)

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, 2019, are available to finance fiscal year 2019 operations. The amount available as an advance at June 30, 2019 was $1,808,805 in the general fund, $180,436 in the bond retirement fund (a nonmajor governmental fund) and $267,656 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2018 was $1,874,671 in the general fund, $188,177 in the bond retirement fund (a nonmajor governmental fund) and $278,126 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, 2019 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2019 taxes were collected are:

	2018 Second Half Collections		2019 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 294,709,730	95.17	$ 310,776,220	94.87
Public utility personal	14,948,210	4.83	16,802,540	5.13
Total	$ 309,657,940	100.00	$ 327,578,760	100.00
Tax rate per $1,000 of assessed valuation	$68.86		$68.66	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2019 consisted of property taxes, payments in lieu of taxes, accounts (billings for user charged services 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	$ 13,150,505
Payment in lieu of taxes	915
Accounts	27,483
Intergovernmental	189,525
Total	$ 13,368,428

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 Ravenna graduates attending medical school may borrow interest free, any amount to pay for the costs of higher education. Repayment begins one year 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 pursing higher education. Loans are to be repaid upon graduation or early withdrawal from school.

At the close of fiscal year 2019, there were 51 former students with a total principal loan balance outstanding of $358,134.

NOTE 9 - CAPITAL ASSETS

Governmental capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance 07/01/2018	Additions	Deductions	Balance 06/30/2019
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 74,984	$ -	$ -	$ 74,984
Construction in progress	-	881,517	-	881,517
Total capital assets, not being depreciated	74,984	881,517	-	956,501
Capital assets, being depreciated:				
Land improvements	6,069,108	-	-	6,069,108
Buildings and improvements	45,991,855	-	(27,791)	45,964,064
Furniture and equipment	1,928,147	140,386	-	2,068,533
Vehicles	1,678,186	36,908	(15,500)	1,699,594
Total capital assets, being depreciated	55,667,296	177,294	(43,291)	55,801,299
Less: accumulated depreciation				
Land improvements	(3,659,918)	(207,614)	-	(3,867,532)
Buildings and improvements	(13,545,780)	(979,807)	27,791	(14,497,796)
Furniture and equipment	(1,354,372)	(114,017)	-	(1,468,389)
Vehicles	(992,880)	(131,103)	10,500	(1,113,483)
Total accumulated depreciation	(19,552,950)	(1,432,541)	38,291	(20,947,200)
Total capital assets, being depreciated, net	36,114,346	(1,255,247)	(5,000)	34,854,099
Governmental activities capital assets, net	$ 36,189,330	$ (373,730)	$ (5,000)	$ 35,810,600

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 643,440
Support services:	
Pupil	63,326
Instructional staff	57,152
Board of Education	4,611
Administration	67,851
Fiscal	19,733
Business	17,673
Operations and maintenance	96,648
Pupil transportation	160,533
Central	22,255
Other non-instructional services	1,663
Food service operations	52,081
Extracurricular	225,575
Total depreciation expense	$ 1,432,541

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 $735,597. 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 leases are being retired from the general fund. The capital lease payments are reflected as debt service expenditures in the statement of revenues, expenditures and changes in fund balances. A corresponding liability is recorded in the statement of net position. Principal payments in the 2019 fiscal year totaled $83,151 paid from the general fund for the bus capital leases and $242,000 paid from the bond retirement fund (a nonmajor governmental fund) for the stadium capital lease.

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, 2019.

Fiscal Year Ending June 30,	Governmental Activities
2020	$ 351,863
2021	269,184
2022	273,738
2023	137,156
	1,031,941
Less: amount representing interest	(33,694)
Present value of minimum lease payments	$ 998,247

NOTE 11 - LONG-TERM OBLIGATIONS

During fiscal year 2019, the following changes occurred in governmental activities long-term obligations:

	Balance 06/30/18	Additions	Reductions	Balance 06/30/19	Amounts Due in One Year
Governmental activities:					
General obligation bonds					
Series 2003 energy conservation	$ 40,000	$ -	$ (40,000)	$ -	$ -
Series 2012 school improvement refunding:					
Current interest bonds	6,305,000	-	(600,000)	5,705,000	615,000
Premium	899,537	-	(71,963)	827,574	-
Series 2013 school improvement refunding:					
Current interest bonds	5,385,000	-	-	5,385,000	-
Capital appreciation bonds	31,843	-	(7,312)	24,531	4,832
Accretion capital appreciation bonds	351,978	133,706	(77,688)	407,996	80,168
Premium	690,670	-	(44,559)	646,111	-
Series 2016 school improvement refunding:					
Current interest bonds	1,154,380	-	(68,935)	1,085,445	68,472
Premium	58,286	-	(4,304)	53,982	-
Total general obligation bonds	14,916,694	133,706	(914,761)	14,135,639	768,472
Capital lease obligations	1,323,398	-	(325,151)	998,247	335,247
Lease purchase agreement - direct borrowing	-	1,720,000	(7,167)	1,712,833	86,000
Loan agreement - direct borrowing	-	441,002	(110,000)	331,002	110,000
Tax anticipation note	1,370,000	-	(260,000)	1,110,000	270,000
Net pension liability	34,018,045	-	(2,307,166)	31,710,879	-
Net OPEB liability	7,835,116	218,462	(4,314,469)	3,739,109	-
Compensated absences	1,652,858	151,765	(94,387)	1,710,236	80,032
Total long-term obligations, governmental activities	$ 61,116,111	$ 2,664,935	$ (8,333,101)	$ 55,447,945	$ 1,649,751

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

Lease Purchase Agreement
On May 9, 2019, the District entered into a $1,720,000 direct borrowing lease purchase agreement with Portage Community Bank. The purpose of this lease purchase agreement was to finance the Ravenna High School remediation project. Interest and principal payments are made on the 15th of each month until the lease expires on January 9, 2027.

As of June 30, 2019, governmental capital assets consisting of buildings and improvements have been capitalized by the District in the approximate amount of $881,517. The primary source of revenue to fund the principal and interest payments is property tax revenue in the classroom facilities maintenance fund, a nonmajor governmental fund. During fiscal year 2019, the District made principal and interest payments of $7,167 and $8,600, respectively. The District has $866,357 in unspent proceeds related to the RHS remediation project.

Loan Agreement
On July 25, 2018, the District entered into a direct borrowing loan agreement with Portage Community Bank to finance the purchase of new Chromebooks. During fiscal year 2019, the principal and interest payments from the permanent improvement fund amounted to $110,000 and $12,250, respectively. Individually these Chromebooks do not meet the capitalization threshold and therefore will not be capitalized on the financial statements.

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Tax Anticipation Notes
On June 26, 2012, the District issued a $1,585,000 permanent improvement tax anticipation note 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).

Net Pension Liability
The District's net pension liability is described in Note 13. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability/Asset
The District's net OPEB liability/asset is described in Note 14. The District pays obligations related to employee compensation from the fund benefitting from their service.

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

Energy Conservation Bonds
On November 1, 2003, the District issued $425,000 in general obligation bonds for the purpose of providing energy conservation measures for the District, under authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The bonds were issued for a fifteen-year period with final maturity during fiscal year 2019. The bonds bear an interest rate ranging from 3.50-4.40 percent. The bonds are being retired from the bond retirement fund (a nonmajor governmental fund). As of June 30, 2019, there is no future obligation outstanding related to these energy conservation 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 remaining capital appreciation bonds mature each January 15, 2016 through 2018 (stated interest rate 76.84%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds outstanding was $600,000. As of June 30, 2019, there was no accreted interest outstanding for Series 2012 capital appreciation bonds. Principal and interest payments are made from the bond retirement fund (a nonmajor governmental fund).

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

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

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 outstanding at June 30, 2019 is $920,000. Total accreted interest of $407,996 for Series 2013 capital appreciation bonds has been included on the statement of net position at June 30, 2019. Principal and interest payments are made from the bond retirement fund (a nonmajor governmental fund).

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

Series 2016 School Improvement Refunding Bonds
On August 11, 2016, the District issued a $1,219,560 general obligation bonds (series 2016 refunding bonds) to refund $1,220,000 of the series 2007 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 current interest bonds with an interest rate of 3.10%. The reacquisition price exceeded the net carrying amount of the old debt by $22,916. 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.

Principal and interest payments are made from the bond retirement fund (a nonmajor governmental fund).

Interest payments on the current interest bonds are due on January 15 and July 15 of each year. The final maturity stated in the issue is January 15, 2032.

This refunding was undertaken to reduce the combined total debt service payments through January 15, 2032 by $129,513 and resulted in an economic gain of $105,079.

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Future Debt Service Requirements

Principal and interest requirements to retire general obligation bonds, lease purchase agreements, loans and tax anticipation note outstanding at June 30, 2019 are as follows:

	Series 2012 School Improvement Refunding Current Interest Bonds	
Fiscal Year Ending June 30	Principal	Interest
2020	$ 615,000	$ 136,802
2021	625,000	124,503
2022	60,000	112,002
2023	60,000	110,803
2024	65,000	109,602
2025 - 2029	2,560,000	480,611
2030 - 2033	1,720,000	77,850
Total	$ 5,705,000	$ 1,152,173

	Series 2013 School Improvement Refunding Current Interest Bonds		Series 2013 School Improvement Refunding Capital Appreciation Bonds		Series 2016 School Improvement Refunding Current Interest Bonds	
Fiscal Year Ending June 30	Principal	Interest	Principal	Accretion	Principal	Interest
2020	$ -	$ 146,082	$ 4,832	$ 80,168	$ 68,472	$ 33,648
2021	-	146,083	3,194	81,806	72,994	31,526
2022	-	146,082	16,505	648,495	72,457	29,264
2023	660,000	146,083	-		76,903	27,017
2024	670,000	132,882	-	-	76,287	24,634
2025 - 2029	1,415,000	479,135	-	-	429,463	85,530
2030 - 2034	2,640,000	344,175	-	-	288,869	17,984
Total	$ 5,385,000	$ 1,540,522	$ 24,531	$ 810,469	$ 1,085,445	$ 249,603

Fiscal Year Ending June 30,	Lease Purchase Agreement - RHS Remediation Amount
2020	$ 169,670
2021	165,371
2022	161,071
2023	271,771
2024	403,846
2025 - 2027	972,073
Total future minimum lease payments	2,143,802
Less: amount representing interest	(430,969)
Present value of future minimum lease payments	$ 1,712,833

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year Ending June 30,	Loan Agreement - Chromebooks Amount
2020	$ 123,460
2021	118,963
2022	115,504
Total future minimum loan payments	357,927
Less: amount representing interest	(26,925)
Present value of future minimum loan payments	$ 331,002

Fiscal Year Ending June 30	Tax Anticipation Notes Principal	Tax Anticipation Notes Interest
2020	$ 270,000	$ 23,801
2021	270,000	17,182
2022	280,000	10,493
2023	290,000	3,547
Total	$ 1,110,000	$ 55,023

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, 2019, are a voted debt margin of $17,887,436 (including available funds of $605,324), an unvoted debt margin of $327,579, and an unvoted conservation debt margin of $2,948,209.

NOTE 12 - RISK MANAGEMENT

A. Property and Liability

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

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

NOTE 12 - RISK MANAGEMENT - (Continued)

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 CompManagement 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 money to an existing school district subsequent to the settlements of all expenses and claims. The District pays 85% of the total premiums while the employee pays 15% of the total premiums. The District paid premiums of $1,615 for family coverage and $665 for single coverage per employee per month in fiscal year 2019.

The COG gave three premium holidays in fiscal year 2019 at a savings to the District of $419,373 per holiday.

Dental insurance is also provided through the Stark County Schools Council of Governments Health Benefits Program. The District pays 93% of the total premiums while the employee pays 7% of the total premiums. Premiums for dental coverage were $228 for family coverage and $92 for single coverage per employee per month.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - The District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit: or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was $589,284 for fiscal year 2019. Of this amount, $49,964 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2019, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was $1,847,700 for fiscal year 2019. Of this amount, $305,184 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.12969940%	0.11058116%	
Proportion of the net pension liability current measurement date	0.13328300%	0.10950420%	
Change in proportionate share	0.00358360%	-0.00107696%	
Proportionate share of the net pension liability	$ 7,633,364	$ 24,077,515	$ 31,710,879
Pension expense	$ 556,328	$ 1,707,948	$ 2,264,276

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 418,643	$ 555,786	$ 974,429
Changes of assumptions	172,377	4,266,989	4,439,366
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	123,075	-	123,075
Contributions subsequent to the measurement date	589,284	1,847,700	2,436,984
Total deferred outflows of resources	$ 1,303,379	$ 6,670,475	$ 7,973,854

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 157,240	$ 157,240
Net difference between projected and actual earnings on pension plan investments	211,500	1,460,036	1,671,536
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	123,922	1,200,742	1,324,664
Total deferred inflows of resources	$ 335,422	$ 2,818,018	$ 3,153,440

$2,436,984 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	$ 552,335	$ 1,460,064	$ 2,012,399
2021	141,708	853,259	994,967
2022	(250,505)	53,314	(197,191)
2023	(64,865)	(361,880)	(426,745)
Total	$ 378,673	$ 2,004,757	$ 2,383,430

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2018, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five-year period ended June 30, 2015.

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate **-** The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate **-** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School's proportionate share of the net pension liability	$ 10,752,169	$ 7,633,364	$ 5,018,455

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation are presented below:

	July 1, 2018
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.0%, effective July 1, 2017

For the July 1, 2018, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS Ohio’s investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation**	Long Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS’ investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School's proportionate share of the net pension liability	$ 35,162,041	$ 24,077,515	$ 14,695,968

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established 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.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5% of covered payroll was made 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 if less than a full year of service credit was earned. For fiscal year 2019, this amount was $21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the District's surcharge obligation was $78,389.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $100,214 for fiscal year 2019. Of this amount, $80,240 is reported as pension and postemployment benefits payable.

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 2018, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the net OPEB liability prior measurement date	0.13118450%	0.11058116%	
Proportion of the net OPEB liability/asset current measurement date	0.13477810%	0.10950420%	
Change in proportionate share	0.00359360%	-0.00107696%	
Proportionate share of the net OPEB liability	$ 3,739,109	$ -	$ 3,739,109
Proportionate share of the net OPEB asset	$ -	$ (1,759,621)	$ (1,759,621)
OPEB expense	$ 169,469	$ (3,828,218)	$ (3,658,749)

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 61,035	$ 205,528	$ 266,563
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	53,733	-	53,733
Contributions subsequent to the measurement date	100,214	-	100,214
Total deferred outflows of resources	$ 214,982	$ 205,528	$ 420,510

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 102,521	$ 102,521
Net difference between projected and actual earnings on pension plan investments	5,610	201,021	206,631
Changes of assumptions	335,930	2,397,623	2,733,553
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	44,083	64,602	108,685
Total deferred inflows of resources	$ 385,623	$ 2,765,767	$ 3,151,390

$100,214 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	$ (151,832)	$ (458,456)	$ (610,288)
2021	(115,972)	(458,456)	(574,428)
2022	(2,421)	(458,454)	(460,875)
2023	(35)	(412,802)	(412,837)
2024	(422)	(396,787)	(397,209)
Thereafter	(173)	(375,284)	(375,457)
Total	$ (270,855)	$ (2,560,239)	$ (2,831,094)

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2018, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.62%
Prior measurement date	3.56%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.70%
Prior measurement date	3.63%
Medical trend assumption:	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates. RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years.

The most recent experience study was completed for the five-year period ended June 30, 2015.

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate **-** The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70%. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2026. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2025 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62%, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.56% was used as of June 30, 2017. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates **-** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 3.75%) and higher (8.5% decreasing to 5.75%) than the current rate.

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
School's proportionate share of the net OPEB liability	$ 4,537,114	$ 3,739,109	$ 3,107,238

	1% Decrease (6.5 % decreasing to 3.75 %)	Current Trend Rate (7.5 % decreasing to 4.75 %)	1% Increase (8.5 % decreasing to 5.75 %)
School's proportionate share of the net OPEB liability	$ 3,016,775	$ 3,739,109	$ 4,695,608

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, compared with July 1, 2017, are presented below:

	July 1, 2018		July 1, 2017
Inflation	2.50%		2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation
Payroll increases	3.00%		3.00%
Cost-of-living adjustments (COLA)	0.00%		0.00%, effective July 1, 2017
Discounted rate of return	7.45%		N/A
Blended discount rate of return	N/A		4.13%
Health care cost trends			6 to 11% initial, 4.50% ultimate
	Initial	Ultimate	
Medical			
Pre-Medicare	6.00%	4.00%	
Medicare	5.00%	4.00%	
Prescription Drug			
Pre-Medicare	8.00%	4.00%	
Medicare	-5.23%	4.00%	

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Assumption Changes Since the Prior Measurement Date - The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

Benefit Term Changes Since the Prior Measurement Date - The subsidy multiplier for non-Medicare benefit recipients was increased from 1.90% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation**	Long Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

** The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate **-** The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2018. A discount rate used to measure the total OPEB liability was 4.13% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2018.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower 6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School's proportionate share of the net OPEB asset	$ 1,508,160	$ 1,759,621	$ 1,970,962

	1% Decrease	Current Trend Rate	1% Increase
School's proportionate share of the net OPEB asset	$ 1,959,031	$ 1,759,621	$ 1,557,104

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);

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,

(e) Some funds are included in the general fund (GAAP basis) but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	General fund
Budget basis	$ (66,106)
Net adjustment for revenue accruals	474,645
Net adjustment for expenditure accruals	(52,957)
Net adjustment for other sources/uses	(740,371)
Funds budgeted elsewhere	(7,234)
Adjustment for encumbrances	234,887
GAAP basis	$ (157,136)

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

As of the end of fiscal year 2019, the District is still in progress with the high school remediation project. BSHM Architects Inc., served as the original architect and as the architect for the remediation project. The District, as of June 30, 2019, had an outstanding encumbrance of $153,000 with BSHM. Since this is a remediation project, the District will be seeking recuperation of funding related to the original project relative to both the design and construction of the building through future litigation. The District believes they may not be liable for an unknown portion of the encumbered funds and will continue to carry this encumbrance until this dispute is settled through litigation.

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

NOTE 17 – CONTINGENCIES – (Continued)

C. Foundation Funding

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. ODE has finalized the impact of enrollment adjustments to the June 30, 2019 foundation funding for the District. These adjustments were insignificant for the District for fiscal year 2019.

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:

Fund	Year-End Encumbrances
General	$ 213,704
Other governmental	1,737,432
Total	$ 1,951,136

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.

NOTE 20 - SET-ASIDES – (Continued)

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.

	Capital Improvements
Set-aside balance June 30, 2018	$ -
Current year set-aside requirement	418,905
Current year offsets	(418,905)
Total	$ -
Balance carried forward to fiscal year 2020	$ -
Set-aside balance June 30, 2019	$ -

NOTE 21 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Enterprise Zones

The City of Ravenna entered into property tax abatement agreements with local businesses under Enterprise Zone tax abatement agreements. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The agreements affect the property tax receipts collected and distributed to the District. Under the agreements, the District’s property taxes were reduced by $67,409 during fiscal year 2019.

NOTE 22 - CONTRACTUAL COMMITMENTS

As of June 30, 2019, the District had contractual commitments for the following project:

Contractor	Contractual Commitments	Amount Paid as of 6/30/2019	Amount Remaining on Contracts
Lencyk Masonry Company Inc.	$ 1,731,440	$ 446,621	$ 1,284,819
BSHM Architects	153,000	-	153,000
Squire Patton Boggs, LLP	30,950	30,950	-
Total	$ 1,915,390	$ 477,571	$ 1,437,819

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REQUIRED SUPPLEMENTARY INFORMATION

RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	2019	**2018**	**2017**	**2016**
District's proportion of the net pension liability	0.13328300%	0.12969940%	0.13233650%	0.13587800%
District's proportionate share of the net pension liability	$ 7,633,364	$ 7,749,253	$ 9,685,811	$ 7,753,330
District's covered payroll	$ 4,359,948	$ 4,224,464	$ 4,101,929	$ 4,090,637
District's proportionate share of the net pension liability as a percentage of its covered payroll	175.08%	183.44%	236.13%	189.54%
Plan fiduciary net position as a percentage of the total pension liability	71.36%	69.50%	62.98%	69.16%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2015		2014
	0.13658100%		0.13658100%
$	6,912,287	$	8,122,034
$	3,968,788	$	3,957,717
	174.17%		205.22%
	71.70%		65.52%

RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	2019	**2018**	**2017**	**2016**
District's proportion of the net pension liability	0.10950420%	0.11058116%	0.11126765%	0.11839547%
District's proportionate share of the net pension liability	$ 24,077,515	$ 26,268,792	$ 37,244,636	$ 32,721,045
District's covered payroll	$ 12,444,636	$ 12,289,971	$ 11,593,050	$ 12,479,121
District's proportionate share of the net pension liability as a percentage of its covered payroll	193.48%	213.74%	321.27%	262.21%
Plan fiduciary net position as a percentage of the total pension liability	77.31%	75.30%	66.80%	72.10%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015		2014	
	0.11967855%		0.11967855%
$	29,109,965	$	34,675,600
$	12,227,846	$	13,047,923
	238.06%		265.76%
	74.70%		69.30%

RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2019	2018	2017	2016
Contractually required contribution	$ 589,284	$ 588,593	$ 591,425	$ 574,270
Contributions in relation to the contractually required contribution	(589,284)	(588,593)	(591,425)	(574,270)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 4,365,067	$ 4,359,948	$ 4,224,464	$ 4,101,929
Contributions as a percentage of covered payroll	13.50%	13.50%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015		2014		2013		2012		2011		2010	
$	539,146	$	550,074	$	547,748	$	558,635	$	548,730	$	617,915
	(539,146)		(550,074)		(547,748)		(558,635)		(548,730)		(617,915)
$	-	$	-	$	-	$	-	$	-	$	-
$	4,090,637	$	3,968,788	$	3,957,717	$	4,153,420	$	4,365,394	$	4,563,626
	13.18%		13.86%		13.84%		13.45%		12.57%		13.54%

RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2019	2018	2017	2016
Contractually required contribution	$ 1,847,700	$ 1,742,249	$ 1,720,596	$ 1,623,027
Contributions in relation to the contractually required contribution	(1,847,700)	(1,742,249)	(1,720,596)	(1,623,027)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 13,197,857	$ 12,444,636	$ 12,289,971	$ 11,593,050
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015	2014	2013	2012	2011	2010
$ 1,747,077	$ 1,589,620	$ 1,696,230	$ 1,779,316	$ 1,765,659	$ 1,762,772
(1,747,077)	(1,589,620)	(1,696,230)	(1,779,316)	(1,765,659)	(1,762,772)
$ -	$ -	$ -	$ -	$ -	$ -
$ 12,479,121	$ 12,227,846	$ 13,047,923	$ 13,687,046	$ 13,581,992	$ 13,559,785
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%

RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	2019	2018	2017
District's proportion of the net OPEB liability	0.13477810%	0.13118450%	0.13393492%
District's proportionate share of the net OPEB liability	$ 3,739,109	$ 3,520,647	3,817,641
District's covered payroll	$ 4,359,948	$ 4,224,464	$ 4,101,929
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	85.76%	83.34%	93.07%
Plan fiduciary net position as a percentage of the total OPEB liability	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	2019	**2018**	**2017**
District's proportion of the net OPEB liability/asset	0.10950420%	0.11058116%	0.11126765%
District's proportionate share of the net OPEB liability/(asset)	$ (1,759,621)	$ 4,314,469	$ 5,950,623
District's covered payroll	$ 12,444,636	$ 12,289,971	$ 11,593,050
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.14%	35.11%	51.33%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	176.00%	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2019	2018	2017	2016
Contractually required contribution	$ 100,214	$ 92,670	$ 69,508	$ 67,027
Contributions in relation to the contractually required contribution	(100,214)	(92,670)	(69,508)	(67,027)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 4,365,067	$ 4,359,948	$ 4,224,464	$ 4,101,929
Contributions as a percentage of covered payroll	2.30%	2.13%	1.65%	1.63%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015	2014	2013	2012	2011	2010
$ 102,269	$ 73,103	$ 86,012	$ 92,884	$ 62,425	$ 20,993
(102,269)	(73,103)	(86,012)	(92,884)	(62,425)	(20,993)
$ -	$ -	$ -	$ -	$ -	$ -
$ 4,090,637	$ 3,968,788	$ 3,957,717	$ 4,153,420	$ 4,365,394	$ 4,563,626
2.50%	1.84%	2.17%	2.24%	1.43%	0.46%

RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2019	2018	2017	2016
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 13,197,857	$ 12,444,636	$ 12,289,971	$ 11,593,050
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015	2014	2013	2012	2011	2010
$ -	$ 128,123	$ 130,479	$ 139,870	$ 135,820	$ 135,598
-	(128,123)	(130,479)	(139,870)	(135,820)	(135,598)
$ -	$ -	$ -	$ -	$ -	$ -
$ 12,479,121	$ 12,227,846	$ 13,047,923	$ 13,687,046	$ 13,581,992	$ 13,559,785
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2019.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal year 2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rate for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in trend rates from 6.00%-11.00 initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.

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RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Title I Grants to Local Educational Agencies	84.010	044685-3M00-2018	$ 117,546
Title I Grants to Local Educational Agencies	84.010	044685-3M00-2019	604,992
Total Title I Grants to Local Education Agencies			722,538
Special Education_Grants to States	84.027	044685-3M20-2019	622,420
Special Education_Preschool Grants	84.173	044685-3C50-2018	1,306
Special Education_Preschool Grants	84.173	044685-3C50-2019	22,193
Total Special Education Cluster			645,919
Improving Teacher Quality Grants	84.367	044685-3Y60-2019	118,309
Student Support and Academic Enrichment Program	84.424	044685-3HI0-2019	53,657
Advanced Careers (SREB/ODE-CTE)	84.048	044685-3L90-2019	10,000
Passed Through Cuyahoga County ESC			
English Language Acquisition Grant (Title III LEP)	84.365	N/A	2,088
Total U.S. Department of Education			1,552,511
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance:			
National School Lunch Program	10.555	N/A	108,607
Cash Assistance:			
School Breakfast Program	10.553	044685-3L70-2019	430,887
National School Lunch Program	10.555	044685-3L60-2019	832,964
Total Child Nutrition Cluster			1,372,458
Total U.S. Department of Agriculture			1,372,458
Total Expenditures of Federal Awards			$ 2,924,969

The accompanying notes are an integral part of this schedule.

RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2019

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Ravenna City School District (the District's) under programs of the federal government for the year ended June 30, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2018 to 2019 programs:

Program Title	CFDA Number	Amount Transferred
Title I Grants to Local Educational Agencies	84.010	6,568.87
Title IV-A Student Support and Academic Enrichment	84.424	6,100.32

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KEITH FABER

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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, each major fund, and the aggregate remaining fund information of the Ravenna City School District, Portage County, (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 10, 2020.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the 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 District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State

Columbus, Ohio

January 10, 2020

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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 THE UNIFORM GUIDANCE

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Ravenna City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Ravenna City School District's major federal program for the year ended June 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 District's major program. However, our audit does not provide a legal determination of the District's compliance.

Efficient • Effective • Transparent

Basis for Qualified Opinion on Title I Grants to Local Educational Agencies

As described in finding 2019-001 in the accompanying schedule of findings, the District did not comply with requirements regarding Special Tests & Provisions – Annual Report Card, High School Graduation Rate applicable to its CFDA # 84.010 Title I Grants to Local Educational Agencies major federal program. Compliance with this requirement is necessary, in our opinion, for the District to comply with requirements applicable to this program.

Qualified Opinion on Title I Grants to Local Educational Agencies

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies* paragraph, the Ravenna City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its Title I Grants to Local Educational Agencies for the year ended June 30, 2019.

Other Matters

The District's response to our noncompliance finding is described in the accompanying schedule of findings and corrective action plan. We did not subject the District's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control over Compliance

The 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 District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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's compliance requirement will not be prevented, or timely detected or corrected. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying schedule of findings as item 2019-001.

The District's response to our internal control over compliance finding is described in the accompanying schedule of findings and corrective action plan. We did not subject the District's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

Keith Faber
Auditor of State

Columbus, Ohio

January 10, 2020

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SCHEDULE OF FINDINGS 2 CFR § 200.515
JUNE 30, 2019

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	Yes
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Qualified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	Title I Grants to Local Educational Agencies – CFDA # 84.010
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Student Records

Finding Number:	2019-001
CFDA Number and Title:	CFDA # 84.010 Title I Grants to Local Educational Agencies
Federal Award Identification Number / Year:	2018 and 2019
Federal Agency:	U.S. Department of Education
Compliance Requirement:	Special Tests and Provisions
Pass-Through Entity:	Ohio Department of Education
Repeat Finding from Prior Audit?	No

NONCOMPLIANCE AND MATERIAL WEAKNESS

34 CFR section 200.19(b)(1)(i)-(iv)) states, in part, that each school must report graduation rate data to the State using the 4-year adjusted cohort rate. Ohio Department of Education Office of Grants Management further states that all reassignments require supporting documentation to be submitted to ODE and maintained by the District.

A review of the student files within the District graduation cohort data revealed the District did not retain supporting documentation for removal from the graduation cohort for two of five (40%) students tested.

The District has not established effective internal controls over retention of student records which has resulted in a qualified federal program opinion. In addition, failure to maintain required records could jeopardize future funding and result in possible litigation.

The District should retain adequate supporting documentation for all students removed from its graduation cohort.

Official's Response: The District understands the identified weakness in our document retention in relationship to student files. The Treasurer will meet with the staff at our Board Office, Secretarial staff and our Counseling staff to review our retention policies, in particular student records. One material change in the process will be that no documentation will be removed from the student file, whether due to graduation or withdrawal, until it has been sent to our central location, Business Operation Office, and reviewed by our Business Operation Secretary. Once in the central location, the file will be reviewed, needed documentation will be scanned and then non-essential documentation will be purged and the file will then be kept according to our retention policy. This new method will be in place for files of students who leave the Ravenna School District at the completion of the 2019-2020 school year and the meetings will be completed by 4/30/2020.

BOARD OF EDUCATION OFFICE
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www.ravennaschools.us

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
June 30, 2019

Finding Number:	2019-001
Planned Corrective Action:	The Treasurer will meet with all Board Office staff, Secretarial staff and Counseling staff to review the proper records retention policies and procedures. The Treasurer will also put in place to the procedures that no items will be removed from a students file, whether it be for completion of school or withdrawal, until the file has been sent to our Business Operation for scanning. There will be only one person responsible for removing documents from files, the Secretary at for Business Operations.
Anticipated Completion Date:	[04/30/2020]
Responsible Contact Person:	Craig A. McKendry, Treasurer

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OHIO AUDITOR OF STATE
KEITH FABER

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
FEBRUARY 6, 2020