



Dave Yost • Auditor of State

**ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual General Fund.....	19
Statement of Fiduciary Net Position Fiduciary Funds	20
Statement of Changes in Fiduciary Net Position Fiduciary Funds	21
Notes to the Basic Financial Statements	23
Federal Awards Receipts and Expenditures Schedule.....	49
Notes to the Federal Awards Receipts and Expenditures Schedule	50
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	51
Independent Auditor's Report on Compliance with Requirements Applicable to Its Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	53
Schedule of Findings.....	55
Independent Accountants' Report on Applying Agreed-Upon Procedure	57

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rootstown Local School District, Portage County, Ohio (the District), as of and for the year ended June 30, 2013, 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 opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Rootstown Local School District, Portage County, Ohio, as of June 30, 2013, 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*, 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 Federal Award Receipts and Expenditures Schedule (the schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2014, 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.

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

Dave Yost
Auditor of State
Columbus, Ohio

February 27, 2014

This page intentionally left blank.

Rootstown Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

The discussion and analysis of the Rootstown Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- Net position decreased \$53,072, which represents a 1.18 percent decrease from 2012.
- Capital assets decreased \$70,789 during fiscal year 2013.
- During the year, outstanding bonded debt decreased from \$250,000 to \$200,000 due to principal payments made the School District.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Rootstown Local School District as a whole 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 School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Rootstown Local School District, the general fund and the permanent improvement fund are by far the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Rootstown Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

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

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, (e.g. food service operations).

Reporting the School District's Most Significant Funds

Fund Financial Statements

The major funds financial statements begin on page 15. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental funds are the general fund and the permanent improvement fund.

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

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The School District's fiduciary activities are reported in the separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on pages 21 and 22. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Rootstown Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's Net Position for 2013 compared to 2012:

Table 1
Net Position

	Governmental Activities	
	2013	2012
Assets		
Current and Other Assets	\$ 8,897,548	\$ 8,933,779
Capital Assets	2,816,981	2,887,770
<i>Total Assets</i>	11,714,529	11,821,549
Liabilities		
Other Liabilities	6,649,302	6,615,153
Long-Term Liabilities	604,419	692,516
<i>Total Liabilities</i>	7,253,721	7,307,669
Net Position		
Net Investment in Capital Assets	2,616,981	2,637,770
Restricted	1,176,387	1,007,973
Unrestricted	667,440	868,137
<i>Total Net Position</i>	\$ 4,460,808	\$ 4,513,880

At year end, capital assets represented 24.05 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles, and library and text books. Net Investment in capital assets was \$2,616,981 at June 30, 2013. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$1,176,387 or 26.37 percent represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position of \$667,440 may be used to meet the government's ongoing obligations to students and creditors.

Current and other assets decreased \$36,231 from fiscal year 2012. There was a \$364,893 increase in cash, a \$345,897 decrease in property taxes receivable, a \$35,900 decrease in intergovernmental receivables and a \$19,327 decrease in accounts receivable.

Rootstown Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Table 2 shows the changes in net position for fiscal year 2013 and 2012.

Table 2
Changes in Net Position

	Governmental Activities	
	2013	2012
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 772,975	\$ 698,208
Operating Grants	598,815	820,881
<i>Total Program Revenues</i>	<u>1,371,790</u>	<u>1,519,089</u>
<i>General Revenues:</i>		
Property Taxes	5,448,313	5,436,155
Grants and Entitlements Not Restricted	5,112,033	5,148,298
Other	86,431	55,706
<i>Total General Revenues</i>	<u>10,646,777</u>	<u>10,640,159</u>
<i>Total Revenues</i>	<u>12,018,567</u>	<u>12,159,248</u>
Program Expenses		
Instruction:		
Regular	4,920,309	4,754,939
Special	1,274,940	1,078,319
Vocational	192,996	195,634
Student Intervention Services	219	3,932
Other	811,301	624,981
Support Services:		
Pupils	574,492	539,328
Instructional Staff	440,659	372,620
Board of Education	25,569	25,543
Administration	859,201	828,372
Fiscal	416,485	366,940
Business	8,650	13,631
Operation and Maintenance of Plant	1,003,042	762,487
Pupil Transportation	820,388	711,462
Central	4,762	811
Operation of Non-Instructional Services:		
Food Service Operations	327,770	362,012
Community Services	13,865	1,273
Extracurricular Activities	370,756	365,120
Debt Service:		
Interest and Fiscal Charges	6,235	0
<i>Total Expenses</i>	<u>12,071,639</u>	<u>11,007,404</u>
<i>Increase (Decrease) in Net Position</i>	(53,072)	1,151,844
<i>Net Position at Beginning of Year</i>	4,513,880	3,362,036
<i>Net Position at End of Year</i>	<u>\$ 4,460,808</u>	<u>\$ 4,513,880</u>

Rootstown Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Charges for services increased \$74,767 over fiscal year 2012. The majority of the increase was due to an increase in tuition of \$72,132. Operating grants decreased \$222,066 through the loss of Education Jobs and other federal grant money. Revenues in total decreased \$140,681 or 1.16 percent over fiscal year 2012.

Expenses increased \$1,064,235 or 9.67 percent over fiscal year 2012. Annual payroll increases made up a majority of this increase.

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

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2013	2012	2013	2012
Instruction:				
Regular	\$ 4,920,309	\$ 4,754,939	\$ 4,250,994	\$ 4,052,139
Special	1,274,940	1,078,319	1,067,178	862,153
Vocational	192,996	195,634	192,996	195,634
Student Intervention Services	219	3,932	219	3,932
Other	811,301	624,981	811,301	624,981
Support Services:				
Pupils	574,492	539,328	574,492	539,328
Instructional Staff	440,659	372,620	437,559	368,908
Board of Education	25,569	25,543	25,569	25,543
Administration	859,201	828,372	852,690	820,645
Fiscal	416,485	366,940	413,519	362,309
Business	8,650	13,631	8,650	13,631
Operation and Maintenance of Plant	1,003,042	762,487	1,003,042	718,068
Pupil Transportation	820,388	711,462	820,388	667,745
Central	4,762	811	4,762	811
Operation of Non-Instructional Services:				
Food Service Operations	327,770	362,012	(61,271)	(43,708)
Community Services	13,865	1,273	8,465	(4,127)
Extracurricular Activities	370,756	365,120	283,061	280,323
Debt Service:				
Interest and Fiscal Charges	6,235	0	6,235	0
<i>Total Expenses</i>	<u>\$ 12,071,639</u>	<u>\$ 11,007,404</u>	<u>\$ 10,699,849</u>	<u>\$ 9,488,315</u>

Rootstown Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

The dependence upon general revenues for governmental activities is apparent. Eighty-nine percent of governmental activities are supported through taxes and other general revenues; such revenues are 89 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Governmental Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$12.4 million and expenditures of \$12.1 million for fiscal year 2013. The net change in fund balance for the fiscal year was an increase of \$.3 million for all governmental funds with the most significant increase in the general fund.

The general fund's net change in fund balance for fiscal year 2013 was an increase of \$.2 million. Revenues in fiscal year 2013 increased \$.5 million over the prior year primarily due to an increase in tax revenue. Expenditures in fiscal year 2013 increased \$.8 million over the prior year partially due to the general fund paying some salaries paid by grants that expired in fiscal year 2012.

The permanent improvement fund net change in fund balance for fiscal year 2013 was an increase of \$.1 million. Revenues in fiscal year 2013 increased \$2,647 over the prior year primarily due to an increase in tax revenue. Expenditures in fiscal year 2013 decreased \$91,404 over the prior year primarily due to operation and maintenance decreasing.

General Fund Budgeting Highlights

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

During the course of fiscal year 2013, the School District did amend its general fund budget a few times. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management

For the general fund, actual budget basis revenue was \$11,056,243, which was higher than the final budget basis revenue by \$42,860 due to an underestimation of intergovernmental and tax revenue.

Final expenditure appropriations of \$11,117,697 were \$136,781 higher than the actual expenditures of \$10,980,916, due to an overestimation of instructional costs.

Original budget basis revenue of 10,373,804 was \$639,579 lower than final budget basis revenue of \$11,013,383. This was due to an underestimation of intergovernmental revenue and tuition and fees.

Original budget expenditure appropriations of \$10,013,493 were \$1,104,204 lower than final budget expenditure appropriations of \$11,117,697, as budgeted expenditures for regular instruction, special instruction and other instruction were increased throughout the year.

Rootstown Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the School District had \$2.8 million invested in capital assets. Table 4 shows fiscal year 2013 balances compared with 2012.

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

	Governmental Activities	
	2013	2012
Land	\$ 779,700	\$ 779,700
Land Improvements	254,365	279,782
Buildings and Building Improvements	1,368,393	1,437,881
Furniture and Equipment	185,818	196,521
Vehicles	228,705	193,886
<i>Totals</i>	<u>\$ 2,816,981</u>	<u>\$ 2,887,770</u>

The \$70,789 decrease in capital assets was attributable to current depreciation and disposals exceeding additional purchases. See Note 8 for more information about the capital assets of the School District.

Debt

At June 30, 2013, the School District had \$200,000 in debt outstanding. See Note 13 for additional details. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2013	2012
Energy Conservation Note, Series 2012	<u>\$ 200,000</u>	<u>\$ 250,000</u>

Rootstown Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Current Issues

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

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

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

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

Contacting the School District's Financial Management

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

Rootstown Local School District
Portage County, Ohio
Statement of Net Position
June 30, 2013

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 2,676,414
Receivables:	
Intergovernmental	148,199
Property Taxes	6,072,935
Nondepreciable Capital Assets	779,700
Depreciable Capital Assets (Net)	2,037,281
 <i>Total Assets</i>	 11,714,529
Liabilities	
Accounts Payable	50,484
Accrued Wages and Benefits	911,094
Intergovernmental Payable	348,308
Accrued Vacation Leave Payable	42,119
Deferred Revenue	5,297,297
Long Term Liabilities:	
Due Within One Year	87,591
Due In More Than One Year	516,828
 <i>Total Liabilities</i>	 7,253,721
Net Position	
Net Investment in Capital Assets	2,616,981
Restricted For:	
Capital Outlay	736,018
Debt Service	34,932
Set Asides	6,698
Other Purposes	398,739
Unrestricted	667,440
 <i>Total Net Position</i>	 \$ 4,460,808

See accompanying notes to the basic financial statements.

Rootstown Local School District
Portage County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 4,920,309	\$ 469,277	\$ 200,038	\$ (4,250,994)
Special	1,274,940	0	207,762	(1,067,178)
Vocational	192,996	0	0	(192,996)
Student Intervention Services	219	0	0	(219)
Other	811,301	0	0	(811,301)
Support Services:				
Pupils	574,492	0	0	(574,492)
Instructional Staff	440,659	0	3,100	(437,559)
Board of Education	25,569	0	0	(25,569)
Administration	859,201	0	6,511	(852,690)
Fiscal	416,485	2,966	0	(413,519)
Business	8,650	0	0	(8,650)
Operation and Maintenance of Plant	1,003,042	0	0	(1,003,042)
Pupil Transportation	820,388	0	0	(820,388)
Central	4,762	0	0	(4,762)
Operation of Non-Instructional Services:				
Food Service Operations	327,770	215,637	173,404	61,271
Community Services	13,865	0	5,400	(8,465)
Extracurricular Activities	370,756	85,095	2,600	(283,061)
Interest and Fiscal Charges	6,235	0	0	(6,235)
Total	\$ 12,071,639	\$ 772,975	\$ 598,815	(10,699,849)

General Revenues

Property Taxes Levied for:

General Purposes	5,124,460
Debt Service	52,166
Capital Outlay	271,687
Grants and Entitlements Not Restricted to Specific Programs	5,112,033
Investment Earnings	832
Miscellaneous	85,599

Total General Revenues

10,646,777

Change in Net Position

(53,072)

Net Position Beginning of Year

4,513,880

Net Position End of Year

\$ 4,460,808

See accompanying notes to the basic financial statements.

Rootstown Local School District
Portage County, Ohio
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 1,548,024	\$ 703,815	\$ 417,877	\$ 2,669,716
Restricted Cash and Investments	6,698	0	0	6,698
Receivables:				
Interfund	38,941	0	0	38,941
Intergovernmental	91,689	0	56,510	148,199
Property Taxes	5,712,080	303,538	57,317	6,072,935
<i>Total Assets</i>	<u>\$ 7,397,432</u>	<u>\$ 1,007,353</u>	<u>\$ 531,704</u>	<u>\$ 8,936,489</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 41,329	\$ 6,565	\$ 2,590	\$ 50,484
Accrued Wages and Benefits	849,055	0	62,039	911,094
Intergovernmental Payable	330,423	0	17,885	348,308
Interfund Payable	0	0	38,941	38,941
Deferred Revenue	5,348,453	281,054	80,813	5,710,320
<i>Total Liabilities</i>	<u>6,569,260</u>	<u>287,619</u>	<u>202,268</u>	<u>7,059,147</u>
Fund Balances				
Restricted	6,698	719,734	397,251	1,123,683
Assigned	116,954	0	0	116,954
Unassigned	704,520	0	(67,815)	636,705
<i>Total Fund Balances</i>	<u>828,172</u>	<u>719,734</u>	<u>329,436</u>	<u>1,877,342</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 7,397,432</u>	<u>\$ 1,007,353</u>	<u>\$ 531,704</u>	<u>\$ 8,936,489</u>

See accompanying notes to the basic financial statements.

Rootstown Local School District
Portage County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2013

Total Governmental Fund Balances		\$ 1,877,342
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,816,981
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes	\$ 325,797	
Intergovernmental	<u>87,226</u>	413,023
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
Energy Conservation Notes	(200,000)	
Vacation Benefits	(42,119)	
Compensated Absences	<u>(404,419)</u>	<u>(646,538)</u>
<i>Net Position of Governmental Activities</i>		<u><u>\$ 4,460,808</u></u>

See accompanying notes to the basic financial statements.

Rootstown Local School District
Portage County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	General Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Local Taxes	\$ 5,447,447	\$ 288,489	\$ 55,553	\$ 5,791,489
Intergovernmental	5,137,617	51,806	553,231	5,742,654
Investment Income	832	0	109	941
Tuition and Fees	474,967	0	0	474,967
Extracurricular Activities	333	0	84,763	85,096
Rentals	2,966	0	0	2,966
Charges for Services	0	0	223,604	223,604
Contributions and Donations	12,549	0	3,100	15,649
Miscellaneous	81,453	0	4,146	85,599
<i>Total Revenues</i>	<u>11,158,164</u>	<u>340,295</u>	<u>924,506</u>	<u>12,422,965</u>
Expenditures				
Current:				
Instruction:				
Regular	4,672,931	7,234	206,738	4,886,903
Special	1,078,708	0	206,146	1,284,854
Vocational	190,991	0	0	190,991
Student Intervention Services	219	0	0	219
Other	811,301	0	0	811,301
Support Services:				
Pupils	575,661	0	2,500	578,161
Instructional Staff	432,564	0	3,000	435,564
Board of Education	25,569	0	0	25,569
Administration	860,465	992	0	861,457
Fiscal	410,610	4,886	852	416,348
Business	8,650	0	0	8,650
Operation and Maintenance of Plant	997,218	6,257	0	1,003,475
Pupil Transportation	663,292	84,167	983	748,442
Central	4,762	0	0	4,762
Extracurricular Activities	257,870	0	94,625	352,495
Operation of Non-Instructional Services:				
Food Service Operations	0	0	327,770	327,770
Community Services	0	0	10,739	10,739
Capital Outlay	0	87,178	0	87,178
Debt Service:				
Principal Retirement	0	0	50,000	50,000
Interest and Fiscal Charges	0	0	6,235	6,235
<i>Total Expenditures</i>	<u>10,990,811</u>	<u>190,714</u>	<u>909,588</u>	<u>12,091,113</u>
<i>Net Change in Fund Balance</i>	167,353	149,581	14,918	331,852
<i>Fund Balances Beginning of Year</i>	<u>660,819</u>	<u>570,153</u>	<u>314,518</u>	<u>1,545,490</u>
<i>Fund Balances End of Year</i>	<u>\$ 828,172</u>	<u>\$ 719,734</u>	<u>\$ 329,436</u>	<u>\$ 1,877,342</u>

See accompanying notes to the basic financial statements.

Rootstown Local 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, 2013*

Net Change in Fund Balances - Total Governmental Funds	\$	331,852
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	\$ 90,711	
Current Year Depreciation	<u>(158,810)</u>	(68,099)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(2,690)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(343,176)	
Intergovernmental	<u>(61,222)</u>	(404,398)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		50,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	38,097	
Vacation Benefits Payable	<u>2,166</u>	<u>40,263</u>
<i>Change in Net Position of Governmental Activities</i>	<u>\$</u>	<u>(53,072)</u>

See accompanying notes to the basic financial statements.

Rootstown Local School District
Portage County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$ 7,463,455	\$ 5,416,509	\$ 5,437,287	\$ 20,778
Intergovernmental	2,727,032	5,117,984	5,137,617	19,633
Investment Income	317	765	832	67
Tuition and Fees	173,001	452,470	454,253	1,783
Extracurricular Activities	127	332	333	1
Rentals	1,421	3,717	3,731	14
Contributions and Donations	776	2,030	2,038	8
Miscellaneous	7,675	19,576	20,152	576
<i>Total Revenues</i>	10,373,804	11,013,383	11,056,243	42,860
Expenditures				
Current:				
Instruction:				
Regular	4,133,887	5,132,537	4,623,011	509,526
Special	913,580	1,055,253	1,089,772	(34,519)
Vocational	193,104	167,728	193,283	(25,555)
Student Intervention Services	571	535	219	316
Other	649,840	914,005	815,974	98,031
Support Services:				
Pupils	547,999	531,195	594,575	(63,380)
Instructional Staff	353,272	335,700	407,383	(71,683)
Board of Education	25,630	23,952	25,569	(1,617)
Administration	825,371	743,930	836,198	(92,268)
Fiscal	370,573	353,411	415,159	(61,748)
Business	13,161	12,969	8,650	4,319
Operation and Maintenance of Plant	1,095,783	952,085	1,032,829	(80,744)
Pupil Transportation	633,333	677,141	675,220	1,921
Central	1,222	444	4,762	(4,318)
Extracurricular Activities	256,167	216,812	258,312	(41,500)
<i>Total Expenditures</i>	10,013,493	11,117,697	10,980,916	136,781
<i>Excess of Revenues Over (Under) Expenditures</i>	360,311	(104,314)	75,327	179,641
Other Financing Sources (Uses)				
Advances In	2,830	7,404	7,432	28
Advances Out	(10,715)	(56,511)	(38,941)	17,570
<i>Total Other Financing Sources (Uses)</i>	(7,885)	(49,107)	(31,509)	17,598
<i>Net Change in Fund Balance</i>	352,426	(153,421)	43,818	197,239
<i>Fund Balance Beginning of Year</i>	1,238,817	1,238,817	1,238,817	0
Prior Year Encumbrances Appropriated	123,615	123,615	123,615	0
<i>Fund Balance End of Year</i>	\$ 1,714,858	\$ 1,209,011	\$ 1,406,250	\$ 197,239

See accompanying notes to the basic financial statements.

Rootstown Local School District
Portage County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Investments	\$ 52,643	\$ 21,038
Liabilities		
Undistributed Monies	0	\$ 21,038
Net Position		
Held in Trust for Scholarships	\$ 52,643	

See accompanying notes to the basic financial statements.

Rootstown Local School District
Portage County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2013

	Private Purpose Trust
Additions	
Investment Earnings	\$ 206
Deductions	
Payments in Accordance with Trust Agreements	3,000
<i>Change in Net Position</i>	(2,794)
<i>Net Position Beginning of Year</i>	55,437
<i>Net Position End of Year</i>	\$ 52,643

See accompanying notes to the basic financial statements.

This page intentionally left blank.

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 1 – Description of the School District

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

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

Reporting Entity

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

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

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

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

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

A. Basis of Presentation

The School 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 School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

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

B. Fund Accounting

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

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

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

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

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

Fiduciary Funds Fiduciary fund reporting focuses on net 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 School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's fiduciary funds are private purpose trust-scholarship fund and an agency fund. The School District's private purpose trust-scholarship fund accounts for memorial scholarships. The School District's agency fund accounts for student activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All non fiduciary assets and all liabilities associated with the operation of the School District are included on the statement of net 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 liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Private purpose trust funds are reported using the economic resources measurement focus and are excluded from the government-wide financial statements. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

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

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

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Pooled Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each funds' interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

During fiscal year 2013, other investments of the School District were limited to STAR Ohio, (the State Treasurer's Investment Pool), repurchase agreements, and mutual funds. These nonparticipating investment contracts are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2013.

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

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 2013 amounted to \$832, which includes \$272 assigned from other School District funds.

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

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts required by statute to be set aside for the purchase of capital improvements. See Note 16 for additional information regarding set-asides.

G. Capital Assets

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

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

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

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

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

H. Interfund Balances

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

I. Compensated Absences

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

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

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

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

J. Accrued Liabilities and Long-term Obligations

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

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

K. Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2013, there was no net position restricted by enabling legislation.

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

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

L. Fund Balance

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has, by resolution, authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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

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

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 2013.

O. Estimates

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

P. Budgetary Data

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

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the School District by March 1. As part of the certification, the School District receives the Official Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget ensuring that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the Certificate of Estimated Resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2013.

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

Q. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34," GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", and GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the School District.

GASB Statement No. 61 improves guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the School District.

GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the School District.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It also amends the net asset reporting requirements of GASB Statement No. 34 by incorporating deferred outflows and inflows into the definitions and renaming the residual measure as net position, rather than net assets.

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 3 – Fund Deficits

Fund balances at June 30, 2013 included the following individual fund deficit:

	<u>Deficit</u> <u>Fund Balance</u>
Nonmajor Governmental Funds:	
Education Jobs	\$ 1
Title I	52,805
Title VI-B	15,008
Miscellaneous Federal Grants	1

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

Note 4 – Budgetary Basis of Accounting

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

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, is presented for the general fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

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

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$ 167,353
Net Adjustment for Revenue Accruals	(34,168)
Net Adjustment for Expenditure Accruals	(187,031)
Funds Budgeted Elsewhere**	(2,372)
Adjustment for Encumbrances	<u>100,036</u>
Budget Basis	<u><u>\$ 43,818</u></u>

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

Note 5 – Deposits and Investments

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

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

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

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

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

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

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

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

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

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

Deposits At fiscal year-end, the carrying amount of the School District's deposits was \$2,181,496 and the bank balance was \$2,358,317. Of the bank balance \$679,300 was covered by federal depository insurance and \$1,679,017 was uninsured and uncollateralized.

**ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Investments

Investments are reported at fair value. As of June 30, 2013, the School District had the following investments:

	Fair Value	Investment Maturities (in months) 0-6
Repurchase Agreement	\$ 447,868	\$ 447,868
Mutual Funds	12,298	12,298
STAR Ohio	108,433	108,433
Totals	\$ 568,599	\$ 568,599

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2013 is 58 days.

Credit Risk: The School District's investments at June 30, 2013 include repurchase agreements, mutual funds, and STAR Ohio, which is rated AAAM by Standard & Poor's. The repurchase agreement and mutual fund account are not rated by Standard & Poor's or Moody's Investor Services. The federal agency securities that underlie the repurchase agreement were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

Concentration of Credit Risk: The School District places no limit on the amount the School District may invest in any one issuer. More than 97 percent of the School District's investments are in STAR Ohio and repurchase agreements. These investments are 19 percent and 79 percent, respectively of the School District's total investments for the amounts listed above. Mutual funds represent 2 percent of the School District's total investments.

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

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected in 2013 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

The School District receives property taxes from Portage County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2013, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed personal property tax and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2013 was \$426,549 in the general fund and \$23,292 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2012, was \$412,952 in the general fund, \$4,240 in the bond retirement debt service fund, and \$21,707 in the permanent improvement capital projects fund.

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

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 165,481,320	93.92%	\$ 158,471,960	93.39%
Public Utility Personal Property	57,800	0.03%	65,900	0.04%
Tangible Personal Property	10,652,790	6.05%	11,144,560	6.57%
Total	\$176,191,910	100.00%	\$169,682,420	100.00%
 Tax rate per \$1,000 of assessed valuation	 \$68.48		 \$68.95	

Note 7 - Receivables

Receivables at June 30, 2013, consisted of taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds. The intergovernmental receivable at June 30 consisted of state and federal grants of \$55,354 and BWC surplus refund of \$33,361 and excess cost receivable of \$59,484.

This space left intentionally blank.

**ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Note 8 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance 6/30/2012	Additions	Reductions	Balance 6/30/2013
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 779,700	\$ 0	\$ 0	\$ 779,700
Land Improvements	706,015	0	(22,211)	683,804
Building and Improvements	5,132,860	0	(7,473)	5,125,387
Furniture and Equipment	1,092,336	11,961	(17,449)	1,086,848
Vehicles	1,065,487	78,750	(8,000)	1,136,237
Library and Textbooks	349,706	0	0	349,706
Total Capital Assets, being depreciated	8,346,404	90,711	(55,133)	8,381,982
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(426,233)	(25,417)	22,211	(429,439)
Building and Improvements	(3,694,979)	(66,798)	4,783	(3,756,994)
Furniture and Equipment	(895,815)	(22,664)	17,449	(901,030)
Vehicles	(871,601)	(43,931)	8,000	(907,532)
Library and Textbooks	(349,706)	0	0	(349,706)
Total Accumulated Depreciation	(6,238,334)	(158,810)	52,443	(6,344,701)
Total Capital Assets being depreciated, Net	2,108,070	(68,099)	(2,690)	2,037,281
 Governmental Activities Capital Assets, Net	 \$2,887,770	 \$ (68,099)	 \$ (2,690)	 \$2,816,981

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 78,070
Special	567
Support Services:	
Pupils	159
Instructional Staff	123
Pupil Transportation	62,378
Operation of non instructional	1,959
Extracurricular Activities	15,554
Total Depreciation	\$ 158,810

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 9 – Risk Management

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

A. Property and Liability

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

B. Workers' Compensation

The School District pays the State Workers' Compensation system a premium based on a rate of \$.009082 per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

C. Employee Medical Benefits

Medical and prescription coverage is provided as a Comprehensive Major Medical program through Benefit Services, Inc. Monthly family premiums are \$1,260.14 for Administrative and Certified Staff and \$1,166.74 for Classified Staff. Monthly single premiums are \$489.68 for Administrative and Certified Staff and \$463.75 for Classified Staff. All employees are required to contribute 10% towards the premiums with a cap of \$125.

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

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

Note 10 – Pension Plans

A. School Employees Retirement System

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

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and .05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$226,271, \$209,501 and \$209,051, respectively; 63 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011.

B. State Teachers Retirement System

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

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

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

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$616,445, \$612,761 and \$643,290, respectively; 83 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2012 were \$9,991 made by the School District and \$7,136 made by the plan members.

C. Social Security System

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

Note 11 - Postemployment Benefits

A. School Employees Retirement System

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, .16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012, and 2011 were \$25,983, \$32,061, and \$49,296, respectively; 63 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$12,782, \$12,421, and \$13,453, respectively; 63 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

B. State Teachers Retirement System

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$47,419, \$47,135, and \$49,484, respectively; 83 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

Note 12 – Other Employee Benefits

A. Life Insurance

The School District provides term life insurance to employees through Mutual Health Services, Inc. for all eligible employees. Term life insurance is provided for Administrative Staff based upon double the employee's annual salary and the premium is \$.10 per \$100 of salaries. Term life insurance in the amount of \$25,000 is provided for the nine-month Certified Staff at a monthly rate of \$2.50 per employee. Term life insurance in the amount of \$20,000 is provided for Classified Staff that meet the nine-month contract and twenty or more hours per week requirement at a monthly rate of \$ 2.00.

B. Compensated Absences

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

**ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-quarter days per month accumulated without limit. Upon retirement, certified employees with 10 years or more of service to the School District may receive thirty percent of accrued and unused sick leave, to a maximum of 40 days. Classified employee benefits are as follows:

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

C. Special Termination Benefits

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

Eligibility requirement for participation in this program:

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

Note 13 - Long - Term Obligations

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

	Outstanding 6/30/2012	Additions	Reductions	Outstanding 6/30/2013	Amounts Due in One Year
Governmental Activities:					
Energy Conservation Note, Series 2012	\$ 250,000	\$ 0	\$ 50,000	\$ 200,000	\$ 50,000
Compensated Absences	442,516	25,237	63,334	404,419	37,591
Total Governmental Activities Long-Term Liabilities	\$ 692,516	\$ 25,237	\$ 113,334	\$ 604,419	\$ 87,591

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

2012 Energy Conservation Note

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

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

Principal and interest requirements to retire the Energy Conservation Note outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Energy Conservation Note	
	Principal	Interest
2014	\$ 50,000	\$ 4,894
2015	50,000	3,589
2016	50,000	2,284
2017	50,000	979
	<u>\$ 200,000</u>	<u>\$ 11,746</u>

Compensated absences will be paid from the general fund and respective funds from which the employees' salaries are paid.

Note 14 - Jointly Governed Organizations

The Stark Portage Area Computer Consortium (SPARCC) is a jointly governed organization comprised of 30 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 Educational Services Center, which serves as fiscal agent, located at 2100 38th Street, NW, Canton, Ohio 44709. During the fiscal year ended June 30, 2013, the School District paid \$53,374 to SPARCC for basic service charges.

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 15 - Contingencies

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

B. Litigation

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

Note 16 - Set-Asides

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

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

	Capital Improvement Reserve
Set-Aside Restricted Balance as of June 30, 2012	\$ 0
Current Year Set-Aside Requirement	214,784
Qualifying Expenditures	<u>(208,086)</u>
Total	\$ 6,698
Balance Carried Forward to Fiscal Year 2014	<u>\$ 6,698</u>
Set-Aside Restricted Balance June 30, 2013	<u>\$ 6,698</u>

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

**ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Note 17 – Fund Balance

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

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

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted for:				
Set Asides	\$ 6,698	\$ 0	\$ 0	\$ 6,698
Capital Outlay	0	719,734	0	719,734
Food Service	0	0	328,487	328,487
Debt Service	0	0	31,857	31,857
Athletics	0	0	34,511	34,511
Other Purposes	0	0	2,396	2,396
Total Restricted	<u>6,698</u>	<u>719,734</u>	<u>397,251</u>	<u>1,123,683</u>
Assigned for:				
Encumbrances:				
Instruction	14,813	0	0	14,813
Support Services	60,455	0	0	60,455
Other Purposes	41,686	0	0	41,686
Total Assigned	<u>116,954</u>	<u>0</u>	<u>0</u>	<u>116,954</u>
Unassigned	<u>704,520</u>	<u>0</u>	<u>(67,815)</u>	<u>636,705</u>
Total Fund Balance (Deficit)	<u>\$ 828,172</u>	<u>\$ 719,734</u>	<u>\$ 329,436</u>	<u>\$ 1,877,342</u>

Note 18 – Interfund Balances

Interfund balances at June 30, 2013 consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 38,941	\$ 0
ARRA Title I	<u>0</u>	<u>38,941</u>
Totals	<u>\$ 38,941</u>	<u>\$ 38,941</u>

**ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2013, all interfund loans outstanding are anticipated to be repaid in fiscal year 2014.

Note 19 – Encumbrance Commitments

The School 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. At year end, the School District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 75,268
Permanent Improvement Fund	20,104
Nonmajor Governmental Funds	<u>10,348</u>
	<u>\$105,720</u>

This page intentionally left blank.

ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education</i>					
<i>Child Nutrition Cluster:</i>					
School Breakfast Program	10.553	\$10,609		\$10,609	
National School Lunch Program	10.555	159,296	\$10,595	159,296	\$10,595
Total Child Nutrition Cluster		169,905	10,595	169,905	10,595
Total U.S. Department of Agriculture		169,905	10,595	169,905	10,595
U.S. DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education</i>					
Title I Grants to Local Educational Agencies	84.010	129,886		169,254	
Special Education Grants to States	84.027	204,190		204,395	
Improving Teacher Quality State Grants	84.367	32,763		32,763	
ARRA - Race to the Top Incentive Grants, Recovery Act - Resident Educator Progr	84.395	1,750		1,750	
Education Jobs Fund	84.410	17,937		17,937	
Total U.S. Department of Education		386,526		426,099	
Total		\$556,431	\$10,595	\$596,004	\$10,595

The accompanying notes are an integral part of this schedule.

**ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Rootstown Local School District's (the District's) federal award programs' receipts and expenditures. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

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 Rootstown Local School District, Portage County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 27, 2014.

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 opinions 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 communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

February 27, 2014



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Rootstown Local School District (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Rootstown Local School District's major federal program for the year ended June 30, 2013. The *Summary of Audit 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 the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

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

Opinion on the Major Federal Program

In our opinion, the Rootstown Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

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 OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

February 27, 2014

**ROOTSTOWN LOCAL SCHOOL DISTRICT
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Grants to States CFDA 84.024
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This page intentionally left blank.



Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

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

1. We noted the Board amended its anti-harassment policy at its meeting on May 21, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

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

Dave Yost
Auditor of State

February 27, 2014

This page intentionally left blank.



Dave Yost • Auditor of State

ROOTSTOWN LOCAL SCHOOL DISTRICT

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 25, 2014**