



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF RAVENNA
PORTAGE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

City of Ravenna
Portage County
210 Parkway
Ravenna, Ohio 44266

To the City Council:

We have audited the accompanying general-purpose financial statements of the City of Ravenna, Portage County, (the City) as of and for the year ended December 31, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the City, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended for the information and use of the City's management, Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 7, 2001

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City of Ravenna, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,001,816	\$1,627,181	\$0	\$1,736,000
Cash and Cash Equivalents with Fiscal Agents	0	0	469	0
Receivables:				
Taxes	845,709	97,299	0	93,430
Accounts	1,533	27,541	0	685
Interfund	200,059	0	0	0
Special Assessments	8,118	0	647,298	765
Accrued Interest	16,838	0	0	0
Intergovernmental	80,101	44,670	0	0
Materials and Supplies Inventory	25,972	44,738	0	0
Prepaid Items	35,608	18,181	0	0
Deferred Charges	0	0	0	0
Loans Receivable	0	3,875,434	0	0
Restricted Assets:				
Equity in Pooled				
Cash and Cash Equivalents	0	0	0	0
Investments with Fiscal Agent	0	0	0	0
Cash and Cash				
Equivalent with Fiscal Agents	0	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits				
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u>\$4,215,754</u>	<u>\$5,735,044</u>	<u>\$647,767</u>	<u>\$1,830,880</u>

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$2,938,485	\$0	\$4,480	\$0	\$0	\$9,307,962
0	0	0	0	0	469
91,348	0	0	0	0	1,127,786
423,553	0	0	0	0	453,312
0	0	0	0	0	200,059
0	0	0	0	0	656,181
0	0	0	0	0	16,838
794,534	0	0	0	0	919,305
105,859	0	0	0	0	176,569
25,480	0	0	0	0	79,269
106,761	0	0	0	0	106,761
0	0	0	0	0	3,875,434
705,080	0	0	0	0	705,080
476,904	0	0	0	0	476,904
1,634	0	0	0	0	1,634
19,504,239	0	0	6,980,692	0	26,484,931
0	0	0	0	2,387,515	2,387,515
<u>\$25,173,877</u>	<u>\$0</u>	<u>\$4,480</u>	<u>\$6,980,692</u>	<u>\$2,387,515</u>	<u>\$46,976,009</u>

(continued)

City of Ravenna, Ohio
Combined Balance Sheet
All Fund Types and Account Groups (continued)
December 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$32,390	\$24,966	\$0	\$4,100
Interfund Payable	0	18,559	0	181,500
Accrued Wages	53,767	24,348	0	455
Compensated Absences Payable	46,760	27,255	0	0
Judgement Payable	0	0	0	0
Intergovernmental Payable	73,611	26,811	0	1,112
Deferred Revenue	600,494	0	647,298	765
Deposits Held and Due to Others	0	0	0	0
Matured Interest Payable	0	0	469	0
Claims Payable	0	0	0	0
Payable from Restricted Assets:				
Revenue Bonds Payable	0	0	0	0
Accrued Interest Payable	0	0	0	0
Deferred Contributed Capital	0	0	0	0
Fire Liability	0	0	0	0
OPWC Loans Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
OWDA Loans Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Revenue Bonds Payable	0	0	0	0
Special Assessment Debt with Governmental Commitment	0	0	0	0
Total Liabilities	807,022	121,939	647,767	187,932
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Reserved:				
Replacement and Improvement	0	0	0	0
Operation and Maintenance	0	0	0	0
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	46,031	83,324	0	679,051
Reserved for Inventory	25,972	44,738	0	0
Reserved for Unclaimed Monies	424	0	0	0
Reserved for Loan Receivable	0	3,875,434	0	0
Unreserved, Undesignated	3,336,305	1,609,609	0	963,897
Total Fund Equity (Deficit) and Other Credits	3,408,732	5,613,105	0	1,642,948
Total Liabilities, Fund Equity and Other Credits	\$4,215,754	\$5,735,044	\$647,767	\$1,830,880

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$63,699	\$0	\$0	\$0	\$0	\$125,155
0	0	0	0	0	200,059
37,939	0	0	0	0	116,509
378,455	0	0	0	566,369	1,018,839
0	0	0	0	59,279	59,279
98,422	0	0	0	159,656	359,612
0	0	0	0	0	1,248,557
0	0	4,480	0	0	4,480
0	0	0	0	0	469
0	79,160	0	0	0	79,160
265,000	0	0	0	0	265,000
9,238	0	0	0	0	9,238
705,409	0	0	0	0	705,409
0	0	0	0	112,331	112,331
342,828	0	0	0	0	342,828
80,862	0	0	0	79,880	160,742
3,781,178	0	0	0	0	3,781,178
0	0	0	0	897,644	897,644
2,481,115	0	0	0	0	2,481,115
0	0	0	0	512,356	512,356
8,244,145	79,160	4,480	0	2,387,515	12,479,960
0	0	0	6,980,692	0	6,980,692
1,938,245	0	0	0	0	1,938,245
275,000	0	0	0	0	275,000
430,080	0	0	0	0	430,080
14,286,407	(79,160)	0	0	0	14,207,247
0	0	0	0	0	808,406
0	0	0	0	0	70,710
0	0	0	0	0	424
0	0	0	0	0	3,875,434
0	0	0	0	0	5,909,811
16,929,732	(79,160)	0	6,980,692	0	34,496,049
\$25,173,877	\$0	\$4,480	\$6,980,692	\$2,387,515	\$46,976,009

City of Ravenna, Ohio
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2000*

	Governmental Fund	
	General	Special Revenue
Revenues		
Municipal Income Tax	\$2,942,051	\$1,101,981
Property and Other Taxes	528,425	0
Charges for Services	144,349	578,223
Licenses and Permits	72,181	0
Fines and Forfeitures	174,005	4,987
Intergovernmental	1,013,969	1,463,428
Special Assessments	0	0
Interest	576,984	99,058
Donations	2,647	5,810
Other	2,336	11,256
<i>Total Revenues</i>	5,456,947	3,264,743
Expenditures		
Current:		
General Government	982,761	13,636
Security of Persons and Property	3,210,176	690,830
Public Health and Welfare	121,363	0
Transportation	0	921,270
Community Environment	206,716	554,014
Basic Utility Services	160,758	0
Leisure Time Activities	0	471,158
Economic Development	7,795	180,508
Capital Outlay	0	0
Debt Service:		
Principal Retirement	67,392	12,216
Interest and Fiscal Charges	6,817	4,819
<i>Total Expenditures</i>	4,763,778	2,848,451
<i>Excess of Revenues Over (Under) Expenditures</i>	693,169	416,292
Other Financing Sources (Uses)		
Sale of Fixed Assets	0	10,734
Inception of Capital Lease	0	61,583
Operating Transfers In	0	80,631
Operating Transfers Out	(580,149)	(8,359)
<i>Total Other Financing Sources (Uses)</i>	(580,149)	144,589
<i>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</i>	113,020	560,881
<i>Fund Balances Beginning of Year</i>	3,295,272	5,063,590
Increase (Decrease) in Reserve for Inventory	440	(11,366)
<i>Fund Balances End of Year</i>	\$3,408,732	\$5,613,105

See accompanying notes to the general purpose financial statements

<u>Types</u>		Totals (Memorandum Only)
<u>Debt Service</u>	<u>Capital Projects</u>	
\$0	\$1,059,531	\$5,103,563
0	0	528,425
0	5,313	727,885
0	0	72,181
0	0	178,992
0	100,642	2,578,039
48,514	0	48,514
0	4,644	680,686
0	0	8,457
0	9,436	23,028
<u>48,514</u>	<u>1,179,566</u>	<u>9,949,770</u>
7,190	0	1,003,587
0	0	3,901,006
0	0	121,363
0	0	921,270
0	0	760,730
0	0	160,758
0	0	471,158
0	0	188,303
0	1,493,949	1,493,949
70,000	12,518	162,126
<u>88,908</u>	<u>0</u>	<u>100,544</u>
<u>166,098</u>	<u>1,506,467</u>	<u>9,284,794</u>
<u>(117,584)</u>	<u>(326,901)</u>	<u>664,976</u>
0	0	10,734
0	0	61,583
117,584	513,477	711,692
<u>0</u>	<u>(117,584)</u>	<u>(706,092)</u>
<u>117,584</u>	<u>395,893</u>	<u>77,917</u>
0	68,992	742,893
0	1,573,956	9,932,818
<u>0</u>	<u>0</u>	<u>(10,926)</u>
<u>\$0</u>	<u>\$1,642,948</u>	<u>\$10,664,785</u>

City of Ravenna, Ohio
*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types
For the Year Ended December 31, 2000*

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Tax	\$2,884,562	\$2,913,772	\$29,210
Property and Other Taxes	509,939	528,425	18,486
Charges for Services	212,840	219,623	6,783
Licenses and Permits	65,200	71,965	6,765
Fines and Forfeitures	165,269	174,003	8,734
Intergovernmental	789,422	992,329	202,907
Special Assessments	0	0	0
Interest	299,750	532,646	232,896
Donations	3,250	2,647	(603)
Other	1,400	1,677	277
<i>Total Revenues</i>	<u>4,931,632</u>	<u>5,437,087</u>	<u>505,455</u>
Expenditures			
Current:			
General Government	1,105,181	1,026,255	78,926
Security of Persons and Property	3,232,156	3,128,272	103,884
Public Health and Welfare	135,048	121,843	13,205
Transportation	0	0	0
Community Environment	218,250	205,468	12,782
Basic Utility Services	175,794	158,313	17,481
Leisure Time Activities	0	0	0
Economic Development	11,600	8,165	3,435
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	59,280	59,279	1
Interest and Fiscal Charges	7,150	6,817	333
<i>Total Expenditures</i>	<u>4,944,459</u>	<u>4,714,412</u>	<u>230,047</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(12,827)</u>	<u>722,675</u>	<u>735,502</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	0	0	0
Advances In	330,542	27,752	(302,790)
Advances Out	(307,014)	(200,059)	106,955
Operating Transfers In	31,962	0	(31,962)
Operating Transfers Out	(619,794)	(580,149)	39,645
<i>Total Other Financing Sources (Uses)</i>	<u>(564,304)</u>	<u>(752,456)</u>	<u>(188,152)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(577,131)</u>	<u>(29,781)</u>	<u>547,350</u>
<i>Fund Balances Beginning of Year</i>	2,928,056	2,928,056	0
Prior Year Encumbrances Appropriated	<u>28,043</u>	<u>28,043</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,378,968</u></u>	<u><u>\$2,926,318</u></u>	<u><u>\$547,350</u></u>

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,100,244	\$1,092,055	(\$8,189)	\$0	\$0	\$0
0	0	0	0	0	0
601,798	580,368	(21,430)	0	0	0
0	0	0	0	0	0
4,700	4,877	177	0	0	0
2,045,273	1,473,532	(571,741)	0	0	0
0	0	0	46,207	48,514	2,307
78,150	97,437	19,287	0	0	0
10,500	5,810	(4,690)	0	0	0
7,171	11,127	3,956	0	0	0
<u>3,847,836</u>	<u>3,265,206</u>	<u>(582,630)</u>	<u>46,207</u>	<u>48,514</u>	<u>2,307</u>
15,085	13,771	1,314	7,192	7,190	2
794,008	687,847	106,161	0	0	0
0	0	0	0	0	0
1,057,218	887,094	170,124	0	0	0
1,210,842	599,430	611,412	0	0	0
0	0	0	0	0	0
526,859	456,113	70,746	0	0	0
866,172	479,216	386,956	0	0	0
0	0	0	0	0	0
1,420	1,420	0	70,000	70,000	0
4,820	4,819	1	88,908	88,908	0
<u>4,476,424</u>	<u>3,129,710</u>	<u>1,346,714</u>	<u>166,100</u>	<u>166,098</u>	<u>2</u>
<u>(628,588)</u>	<u>135,496</u>	<u>764,084</u>	<u>(119,893)</u>	<u>(117,584)</u>	<u>2,309</u>
0	10,734	10,734	0	0	0
155,513	18,559	(136,954)	0	0	0
(153,165)	(27,752)	125,413	0	0	0
80,632	80,631	(1)	119,893	117,584	(2,309)
(8,359)	(8,359)	0	0	0	0
<u>74,621</u>	<u>73,813</u>	<u>(808)</u>	<u>119,893</u>	<u>117,584</u>	<u>(2,309)</u>
(553,967)	209,309	763,276	0	0	0
1,152,303	1,152,303	0	0	0	0
<u>173,531</u>	<u>173,531</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$771,867</u>	<u>\$1,535,143</u>	<u>\$763,276</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(continued)

City of Ravenna, Ohio
*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types (continued)
For the Year Ended December 31, 2000*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Tax	\$1,056,265	\$1,048,179	(\$8,086)
Property and Other Taxes	0	0	0
Charges for Services	5,800	5,179	(621)
Licenses and Permits	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	263,000	100,642	(162,358)
Special Assessments	2,250	0	(2,250)
Interest	2,600	4,644	2,044
Donations	0	0	0
Other	11,242	8,885	(2,357)
<i>Total Revenues</i>	<u>1,341,157</u>	<u>1,167,529</u>	<u>(173,628)</u>
Expenditures			
Current:			
General Government	0	0	0
Security of Persons and Property	0	0	0
Public Health and Welfare	0	0	0
Transportation	0	0	0
Community Environment	0	0	0
Basic Utility Services	0	0	0
Leisure Time Activities	0	0	0
Economic Development	0	0	0
Capital Outlay	2,316,006	2,196,726	119,280
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>2,316,006</u>	<u>2,196,726</u>	<u>119,280</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(974,849)</u>	<u>(1,029,197)</u>	<u>(54,348)</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	0	0	0
Advances In	181,500	181,500	0
Advances Out	(181,500)	0	181,500
Operating Transfers In	513,477	513,477	0
Operating Transfers Out	(122,493)	(117,584)	4,909
<i>Total Other Financing Sources (Uses)</i>	<u>390,984</u>	<u>577,393</u>	<u>186,409</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(583,865)</u>	<u>(451,804)</u>	<u>132,061</u>
<i>Fund Balances Beginning of Year</i>	1,347,905	1,347,905	0
Prior Year Encumbrances Appropriated	<u>157,719</u>	<u>157,719</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$921,759</u></u>	<u><u>\$1,053,820</u></u>	<u><u>\$132,061</u></u>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$5,041,071	\$5,054,006	\$12,935
509,939	528,425	18,486
820,438	805,170	(15,268)
65,200	71,965	6,765
169,969	178,880	8,911
3,097,695	2,566,503	(531,192)
48,457	48,514	57
380,500	634,727	254,227
13,750	8,457	(5,293)
19,813	21,689	1,876
<u>10,166,832</u>	<u>9,918,336</u>	<u>(248,496)</u>
1,127,458	1,047,216	80,242
4,026,164	3,816,119	210,045
135,048	121,843	13,205
1,057,218	887,094	170,124
1,429,092	804,898	624,194
175,794	158,313	17,481
526,859	456,113	70,746
877,772	487,381	390,391
2,316,006	2,196,726	119,280
130,700	130,699	1
100,878	100,544	334
<u>11,902,989</u>	<u>10,206,946</u>	<u>1,696,043</u>
<u>(1,736,157)</u>	<u>(288,610)</u>	<u>1,447,547</u>
0	10,734	10,734
667,555	227,811	(439,744)
(641,679)	(227,811)	413,868
745,964	711,692	(34,272)
<u>(750,646)</u>	<u>(706,092)</u>	<u>44,554</u>
<u>21,194</u>	<u>16,334</u>	<u>(4,860)</u>
(1,714,963)	(272,276)	1,442,687
5,428,264	5,428,264	0
<u>359,293</u>	<u>359,293</u>	<u>0</u>
<u>\$4,072,594</u>	<u>\$5,515,281</u>	<u>\$1,442,687</u>

City of Ravenna, Ohio
*Combined Statement of Revenues,
Expenses and Changes in Fund Equity
All Proprietary Fund Types
For the Year Ended December 31, 2000*

	Enterprise	Internal Service	Total (Memorandum Only)
Operating Revenues			
Charges for Services	\$4,032,097	\$990,883	\$5,022,980
Other	85,334	0	85,334
<i>Total Operating Revenues</i>	<u>4,117,431</u>	<u>990,883</u>	<u>5,108,314</u>
Operating Expenses			
Personal Services	2,649,756	0	2,649,756
Contractual Services	810,308	17,290	827,598
Claims	0	985,112	985,112
Materials and Supplies	353,683	0	353,683
Other	2,637	0	2,637
Depreciation	813,607	0	813,607
<i>Total Operating Expenses</i>	<u>4,629,991</u>	<u>1,002,402</u>	<u>5,632,393</u>
<i>Operating Loss</i>	<u>(512,560)</u>	<u>(11,519)</u>	<u>(524,079)</u>
Non-Operating Revenues (Expenses)			
Municipal Income Tax	1,036,107	0	1,036,107
Interest	35,334	0	35,334
Intergovernmental	125,000	0	125,000
Loss on Disposal of Fixed Assets	(24,806)	0	(24,806)
Interest and Fiscal Charges	(331,084)	0	(331,084)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>840,551</u>	<u>0</u>	<u>840,551</u>
<i>Income (Loss) Before Operating Transfers</i>	327,991	(11,519)	316,472
Operating Transfers Out	(5,600)	0	(5,600)
<i>Net Income (Loss)</i>	322,391	(11,519)	310,872
<i>Retained Earnings (Deficit) Beginning of Year</i>	<u>14,669,096</u>	<u>(67,641)</u>	<u>14,601,455</u>
<i>Retained Earnings (Deficit) End of Year</i>	<u>14,991,487</u>	<u>(79,160)</u>	<u>14,912,327</u>
<i>Contributed Capital Beginning of Year</i>	1,792,506	0	1,792,506
Contributions During the Year:			
Capital Grant	40,898	0	40,898
Special Assessments	34,277	0	34,277
Tap In Fees	70,564	0	70,564
<i>Contributed Capital End of Year</i>	<u>1,938,245</u>	<u>0</u>	<u>1,938,245</u>
<i>Total Fund Equity (Deficit) End of Year</i>	<u><u>\$16,929,732</u></u>	<u><u>(\$79,160)</u></u>	<u><u>\$16,850,572</u></u>

See accompanying notes to the general purpose financial statements

City of Ravenna, Ohio
*Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types
For the Year Ended December 31, 2000*

	Enterprise Funds		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues			
Municipal Income Tax	\$1,033,516	\$1,026,837	(\$6,679)
Charges for Services	4,333,700	4,042,455	(291,245)
Tap In Fees	50,300	70,564	20,264
Special Assessments	2,061	34,277	32,216
Capital Grants	154,950	165,898	10,948
Proceeds of OPWC Loans	0	103,832	103,832
Other	91,849	85,334	(6,515)
<i>Total Revenues</i>	<u>5,666,376</u>	<u>5,529,197</u>	<u>(137,179)</u>
Expenses			
Personal Services	2,641,304	2,573,726	67,578
Contractual Services	935,767	801,613	134,154
Claims	0	0	0
Materials and Supplies	403,952	400,402	3,550
Other	1,000	985	15
Capital Outlay	1,578,979	1,557,720	21,259
Debt Service:			
Principal Retirement	556,550	552,424	4,126
Interest and Fiscal Charges	317,879	279,859	38,020
<i>Total Expenses</i>	<u>6,435,431</u>	<u>6,166,729</u>	<u>268,702</u>
<i>Excess of Revenues Under Expenses</i>	(769,055)	(637,532)	131,523
Operating Transfers Out	(5,600)	(5,600)	0
<i>Excess of Revenues Under Expenses and Operating Transfers</i>	(774,655)	(643,132)	131,523
<i>Fund Equity Beginning of Year</i>	3,072,070	3,072,070	0
Prior Year Encumbrances Appropriated	542,994	542,994	0
<i>Fund Equity End of Year</i>	<u>\$2,840,409</u>	<u>\$2,971,932</u>	<u>\$131,523</u>

(continued)

City of Ravenna, Ohio
*Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types (continued)
For the Year Ended December 31, 2000*

	Internal Service		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues			
Municipal Income Tax	\$0	\$0	\$0
Charges for Services	1,186,000	990,883	(195,117)
Tap In Fees	0	0	0
Special Assessments	0	0	0
Capital Grants	0	0	0
Proceeds of OPWC Loans	0	0	0
Other	0	0	0
<i>Total Revenues</i>	<u>1,186,000</u>	<u>990,883</u>	<u>(195,117)</u>
Expenses			
Personal Services	0	0	0
Contractual Services	18,000	17,290	710
Claims	1,168,000	973,593	194,407
Materials and Supplies	0	0	0
Other	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenses</i>	<u>1,186,000</u>	<u>990,883</u>	<u>195,117</u>
<i>Excess of Revenues Under Expenses</i>	0	0	0
Operating Transfers Out	0	0	0
<i>Excess of Revenues Under Expenses and Operating Transfers</i>	0	0	0
<i>Fund Equity Beginning of Year</i>	0	0	0
Prior Year Encumbrances Appropriated	0	0	0
<i>Fund Equity End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,033,516	\$1,026,837	(\$6,679)
5,519,700	5,033,338	(486,362)
50,300	70,564	20,264
2,061	34,277	32,216
154,950	165,898	10,948
0	103,832	103,832
91,849	85,334	(6,515)
<u>6,852,376</u>	<u>6,520,080</u>	<u>(332,296)</u>
2,641,304	2,573,726	67,578
953,767	818,903	134,864
1,168,000	973,593	194,407
403,952	400,402	3,550
1,000	985	15
1,578,979	1,557,720	21,259
556,550	552,424	4,126
<u>317,879</u>	<u>279,859</u>	<u>38,020</u>
<u>7,621,431</u>	<u>7,157,612</u>	<u>463,819</u>
(769,055)	(637,532)	131,523
<u>(5,600)</u>	<u>(5,600)</u>	<u>0</u>
(774,655)	(643,132)	131,523
3,072,070	3,072,070	0
<u>542,994</u>	<u>542,994</u>	<u>0</u>
<u>\$2,840,409</u>	<u>\$2,971,932</u>	<u>\$131,523</u>

City of Ravenna, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended December 31, 2000

<i>Increase (Decrease) in</i> <i>Cash and Cash Equivalents</i>	Enterprise	Internal Service	Total (Memorandum Only)
Cash Flows From Operating Activities			
Cash Received From Customers	\$4,040,251	\$0	\$4,040,251
Cash Payments from Quasi-External Transactions with Other Funds	0	990,883	990,883
Cash Payments to Suppliers for Materials and Supplies	(361,497)	0	(361,497)
Cash Payments for Employee Services and Benefits	(2,573,726)	0	(2,573,726)
Cash Payments for Contractual Services	(798,830)	(17,290)	(816,120)
Cash Payments for Claims	0	(973,593)	(973,593)
Other Operating Revenues	85,334	0	85,334
Other Operating Expenses	(3,137)	0	(3,137)
<i>Net Cash Provided by Operating Activities</i>	<u>388,395</u>	<u>0</u>	<u>388,395</u>
Cash Flows from Noncapital Financing Activities			
Municipal Income Tax	1,026,837	0	1,026,837
Transfers Out	(5,600)	0	(5,600)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>1,021,237</u>	<u>0</u>	<u>1,021,237</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition of Capital Assets	(927,776)	0	(927,776)
Tap-In Fees	70,564	0	70,564
Special Assessments	34,277	0	34,277
Capital Grant	165,898	0	165,898
OPWC Loans Proceeds	103,832	0	103,832
Principal Paid on Capital Lease	(24,339)	0	(24,339)
Principal Paid on OWDA Loans	(238,284)	0	(238,284)
Principal Paid on OPWC Loans	(38,925)	0	(38,925)
Principal Paid on Revenue Bonds	(255,000)	0	(255,000)
Interest Paid on Capital Lease	(5,460)	0	(5,460)
Interest Paid on OWDA Loans	(192,571)	0	(192,571)
Interest Paid on Revenue Bonds	(119,847)	0	(119,847)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(1,427,631)</u>	<u>0</u>	<u>(1,427,631)</u>
Cash Flows from Investing Activities			
Sale of Securities	1,261,557	0	1,261,557
Purchase of Securities	(1,252,596)	0	(1,252,596)
Interest	35,334	0	35,334
<i>Net Cash Provided by Investing Activities</i>	<u>44,295</u>	<u>0</u>	<u>44,295</u>
<i>Net Increase in Cash and Cash Equivalents</i>	26,296	0	26,296
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>3,618,903</u>	<u>0</u>	<u>3,618,903</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$3,645,199</u>	<u>\$0</u>	<u>\$3,645,199</u>

(continued)

City of Ravenna, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types (continued)
For the Year Ended December 31, 2000

Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	Enterprise	Internal Service	Total (Memorandum Only)
<i>Operating Loss</i>	<u>(\$512,560)</u>	<u>(\$11,519)</u>	<u>(\$524,079)</u>
Adjustments:			
Depreciation	813,607	0	813,607
(Increase)/Decrease in Assets:			
Accounts Receivable	(10,936)	0	(10,936)
Intergovernmental Receivable	19,090	0	19,090
Materials and Supplies Inventory	(13,961)	0	(13,961)
Prepaid Items	(4,838)	0	(4,838)
Increase/(Decrease) in Liabilities:			
Accounts Payable	43,460	0	43,460
Contracts Payable	(24,335)	0	(24,335)
Accrued Wages	2,225	0	2,225
Compensated Absences Payable	61,729	0	61,729
Intergovernmental Payable	14,914	0	14,914
Claims Payable	<u>0</u>	<u>11,519</u>	<u>11,519</u>
<i>Total Adjustments</i>	<u>900,955</u>	<u>11,519</u>	<u>912,474</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$388,395</u>	<u>\$0</u>	<u>\$388,395</u>

Noncash Capital Financing Activities:

Fair market value of investments decreased from the beginning of the year to the end of the year by \$8,962.

See accompanying notes to the general purpose financial statements

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**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

1. DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Ravenna (the "City") was incorporated under the laws of the State of Ohio in 1852, and adopted its first charter in 1971. The Charter provides for a Mayor-Council form of government. The Mayor is elected for a four-year term and eight Council members are elected at large for four year staggered terms.

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 City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Ravenna, this includes police protection, fire fighting and prevention, street maintenance and repairs, building inspection, parks and recreation and wastewater. The operation of each of these activities is directly controlled by Council through the budgetary process.

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

The City is associated with the Metro Critical Response and Rescue Team which is defined as jointly governed organization and the Maple Grove Union Cemetery which is defined as a joint venture. (See Note 16 and Note 17).

The Ravenna City School District and the Ravenna Reed Memorial Library have been excluded from the reporting entity because the City is not financially accountable for these organizations nor does the City approve the budget, the levying of taxes or the issuance of debt for these organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

A. Basis of Presentation - Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

General Fund This fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds These funds are used to account for the accumulations of resources for, and the payment of, general and special assessment long-term debt principal, interest and related costs.

Capital Projects Funds These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund Types Proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The following are the City's proprietary fund types:

Enterprise Funds These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Internal Service Fund This fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund is used to account for the medical self-insurance fund.

Fiduciary Fund Types Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. There are two types of fiduciary funds, trust and agency. The City has no trust funds.

Agency funds These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Account Groups To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group This account group accounts for all general fixed assets of the City other than those accounted for in proprietary funds.

General Long-Term Obligations Account Group This account group accounts for all unmatured long-term indebtedness of the City that is not a specific liability of proprietary funds, including special assessment debt for which the City is obligated in some manner.

B. Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

All governmental fund types and agency funds are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the City is thirty-one days after year end.

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, state-levied locally shared taxes (including gasoline tax), fines and forfeitures and income tax withheld by employers.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of December 31, 2000, whose availability is indeterminate and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue. Levied special assessments are measurable, and have been recorded as a receivable. Since all assessments are due outside of the available period, the entire amount has been deferred.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable and expenses are recognized when they are incurred, if measurable. Unbilled service charges receivable are recognized as revenue at year end.

C. Budgetary Process

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 ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance 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. Budgetary information for the trustee accounts set up in accordance with the indenture agreement in the enterprise funds is not reported because the accounts are not included in the entity for which the "appropriated budget" is adopted. The legal level of budgetary control is at the fund level within each fund except for the general fund which is at the department level. Any budgetary modifications at these levels may only be made by resolution of the City Council.

Tax Budget At the first Council meeting in July, the Mayor presents the annual operating budget for the following year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 City by September 1. As part of this certification the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing 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 ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2000.

Appropriations A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund and/or department level. The appropriation ordinance 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 allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of Council. During the year, several supplemental appropriation measures were passed. None of these supplemental appropriations had any significant affect on the original appropriations. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances As part of formal budgetary control, purchases orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During 2000, investments were limited to Certificates of Deposits, STAROhio, United States Treasury Notes and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposits are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2000.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2000 amounted to \$576,984, which includes \$385,026 assigned from other City funds.

The City utilizes a financial institution to service bonded debt as principal and interest come due. The balance in this account is presented on the combined balance sheet as "cash and cash equivalents with fiscal agents".

The City utilizes a fiscal agent to hold monies set aside for current and future debt service payments under the provisions of the bond indenture. The balances in these accounts are presented on the balance sheet as, "restricted assets - investments with fiscal agent" or "restricted assets - cash and cash equivalents with fiscal agent."

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an original maturity of more than three months not purchased from the pool are reported as investments.

E. Intergovernmental Receivable

For governmental funds, intergovernmental revenue, such as grants awarded on a non-reimbursement basis, shared revenues and entitlements are recorded as receivables and revenues when measurable and available.

Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants, entitlements or shared revenues received for proprietary fund operating purposes are recognized as nonoperating revenues in the accounting period in which they are earned and become measurable. Such resources used for the construction of capital assets are recorded as contributed capital.

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Interfund Assets and Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

G. Inventory

Inventories of governmental funds are stated at cost while the inventory of the proprietary funds is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental fund which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure is reported in the year in which services are consumed.

I. Restricted Assets

Restricted assets in the enterprise funds represent amounts set aside to satisfy bond indenture requirements for current and future debt payments, the replacement and improvement of fixed assets originally acquired with bond proceeds, and providing sufficient resources to cover operating costs for one month.

J. Bond Issuance Costs

Bond issuances costs for proprietary fund types are deferred and amortized over the term of the bonds. The straight-line method since the results are not significantly different from the effective interest method.

K. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary fund are capitalized in the fund.

All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The City has established a capitalization threshold for fixed assets at \$500.

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Public domain ("infrastructure") general fixed assets consisting of streets, storm sewers and drains, and traffic signals and signs which are not capitalized as these assets are immovable and of value only to the City.

Assets in the general fixed assets account group are not depreciated. Depreciation in the proprietary fund types are computed using the straight-line method over an estimated useful lives:

Description	Enterprise
Buildings	15-45 years
Improvements other than Buildings	7-20 years
Equipment	3-20 years
Vehicles	5 years
Water and Sewer Lines	30 years

Interest is capitalized on proprietary fund assets acquired with tax exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2000, interest costs incurred on construction projects in the proprietary funds were not material.

L. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants on contributions from developers, customers or other funds.

M. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds, regardless of whether they will be liquidated with current resources. However, claims, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than thirty-one days after year end are considered not to have been made with current expendable available financial resources. Bonds and capital leases are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

N. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the City

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination payments and those the City has identified as probable of receiving payment in the future (those employees who will be eligible to receive termination payments within the next five years). The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

O. Fund Equity

Reserves for retained earnings represent those portions of fund equity not available for appropriation or legally segregated for a specific future use. Retained earnings in the water enterprise fund have been reserved for replacement and improvement and for operations and maintenance which represent monies set aside to satisfy bond indenture requirements. Contributed capital is recorded in proprietary funds that have received capital grants or contributions from customers. A determination of the amount of contributed capital received prior to 1993 has not been made. Fund balance reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Fund balances are reserved for encumbrances, loans receivable, inventories of materials and supplies, and unclaimed monies. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

P. 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.

Q. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in aggregation of this data.

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

3. ACCOUNTABILITY

The following funds had a deficit fund balances/retained earnings as of December 31, 2000:

<u>Fund Name</u>	<u>Amount of Deficit</u>
Special Revenue Fund:	
SAFE Community Grant	\$4,255
Slow Down Grant	2,267
Internal Service Fund:	
Group Hospitalization Reserve	79,160

The deficits in the SAFE Community Grant and Slow Down Grant special revenue funds are caused by revenue being insufficient to cover expenditures on the modified accrual basis of accounting. The general fund is liable for any deficit in the funds and provides operating transfers when cash is required, not when accruals occur.

Management is currently analyzing the operations of the internal service fund to determine appropriate action to alleviate the deficit.

4. BUDGETARY BASIS OF ACCOUNTING

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

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual -All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types are presented on the budgetary basis to provide a relevant comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP).
4. For the proprietary fund, the acquisition and construction of capital assets are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP).
5. The trustee account set up in accordance with the indenture agreements (GAAP) are not part of the entity for which the appropriated budget is adopted (budget).

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

6. Proceeds from principal payment on short term note obligations are reported on the operating statement (budget) rather than on the balance sheet (GAAP).
7. Unreported Cash represents amounts received but not included as revenue on the budget basis operating statements these amounts are included as revenue on the GAAP basis operating statements.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types

	General	Special Revenue	Capital Projects
GAAP Basis	\$113,020	\$560,881	\$68,992
Net Adjustment for Revenue Accruals	7,640	(10,743)	(12,037)
Repayment of Loan	0	12,827	0
Unreported Cash	(27,500)	(1,621)	0
Advance In	27,752	18,559	181,500
Net Adjustment for Expenditure Accruals	97,364	119,423	(8,079)
New Loans	0	(371,848)	0
Advance Out	(200,059)	(27,752)	0
Encumbrances	(47,998)	(90,417)	(682,180)
Budget Basis	<u>(\$29,781)</u>	<u>\$209,309</u>	<u>(\$451,804)</u>

Net Income (Loss)/Excess of Revenues Over
(Under) Expenses, Operating Transfers and Advances
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	\$322,391	(\$11,519)
Net Adjustments for Revenue Accruals	(152,488)	0
Tap-In Fees	70,564	0
Special Assessments	34,277	0
Capital Grants	165,898	0
OPWC Loan Proceeds	103,832	0
Net Adjustment for Expense Accruals	123,701	11,519
Capital Outlay	(927,776)	0
Principal Retirement	(552,424)	0
Loss on Disposal of Fixed Assets	24,806	0
Depreciation	813,607	0
Non-budget Activity of Trustee Accounts	(91)	0
Unreported Cash	2,204	0
Encumbrances	(671,633)	0
Budget Basis	<u>(\$643,132)</u>	<u>\$0</u>

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City 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 City 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 Council has identified as not required for use within the current two 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 the City'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 finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligation of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

6. The State Treasurer's investment pool (STAROhio); and,
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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 two years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories or risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

Deposits At year-end, the carrying amount of the City's deposits was \$3,119,523 and the bank balance was \$3,354,471. Of the bank balance:

1. \$200,000 was covered by federal depository insurance.
2. \$3,154,471 was uncollateralized and uninsured. Although the securities were held by the pledging financial institutions trust department or agent in the City's name and all State statutory requirements for the investment of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments The City's investments are required to be categorized to give an indication of the level or risk assumed by the City at year end. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name. STAROhio is unclassified investments since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$945,000	\$945,000	\$945,000
U. S. Treasury Notes	476,904	476,904	476,904
STAROhio		5,950,622	5,950,622
Total Investments	\$1,421,904	\$7,372,526	\$7,372,526

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$10,015,145	\$476,904
Investments of the Cash Management Pool:		
Repurchase Agreements	(945,000)	945,000
STAROhio	(5,950,622)	5,950,622
GASB Statement No. 3	\$3,119,523	\$7,372,526

6. RECEIVABLES

Receivables at December 31, 2000, consisted of taxes, accounts (billings for user charged services including unbilled utility services), special assessments, interest, and intergovernmental receivables arising from grants, entitlements and shared revenues. Loans receivable presented in the special revenue funds represent low interest loans for development projects and home improvements granted to eligible City residents and businesses under Federal Grant programs. The loans bear interest at annual rates ranging between zero and seven percent. The loans are to be repaid over periods ranging from five to thirteen years. All receivables are considered fully collectible.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2000 for real and public utility property taxes represents collections of 1999 taxes. Property tax payments received during 2000 for tangible personal property (other than public utility property) is for 2000 taxes.

2000 real property taxes are levied after October 1, 2000 on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2000 real property taxes are collected in and intended to finance 2001.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2000 public utility property taxes become a lien December 31, 1999, are levied after October 1, 2000, and are collected in 2001 with real property taxes.

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

6. RECEIVABLES (Continued)

2000 tangible personal property taxes are levied after October 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 2000, was \$3.40 per 1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based are as follows:

Real Property	\$128,786,773
Tangible Personal Property	7,425,720
Public Utility Property	30,402,096
Total	<u>\$166,614,589</u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The County Treasurer collects property tax on behalf of all taxing districts within the county, including the City of Ravenna. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2000. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimate at December 31, nor are they intended to finance 2000 operations. The receivable is offset by deferred revenue.

B. Income Taxes

The City levies a municipal income tax of 1.8 percent on all salaries, wages, commissions and other compensation, and net profits, earned within the City as well as on incomes of residents earned outside of the City. In the latter case the City allows a credit of 100 percent of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and to remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are received by the general fund, emergency management services, street construction, maintenance and repair and recreation levy special revenue funds, the capital improvements capital projects fund and the water enterprise fund.

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

6. RECEIVABLES (Continued)

C. Intergovernmental

A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund:	
Estate Tax	\$60,547
County Auditor Municipal Court Ordinance Fees	11,882
Local Government	7,672
<i>Total General Fund</i>	80,101
Special Revenue Funds:	
Street Maintenance	32,306
SAFE	7,643
State Highway	1,898
COPS	1,624
Education and Enforcement	430
Law Enforcement Trust	424
EMS	345
Total Special Revenue Funds	44,670
Enterprise Funds:	
Water	5,944
Sewer	788,590
Total Enterprise Funds	794,534
Total	\$919,305

During 1994, the City of Ravenna entered into a contractual agreement with Portage County for the construction of a sewage treatment facility and sewer lines. The project was financed by a \$5,476,391 Ohio Water Development Authority loan which is jointly signed by the City and the County. The County is responsible for 17.16 percent of the total loan commitment. The total amount owed to the City as of December 31, 2000 is \$705,409. This amount has been recorded on the City's books as an asset in "Intergovernmental Receivable" and "Deferred Contributed Capital." The asset is recorded in the sewer enterprise fund.

7. INTERFUND TRANSACTIONS

Interfund balances at December 31, 2000, consist of the following interfund receivables and payables:

	Receivable	Payable
General Fund	\$200,059	\$0
Special Revenue Funds		
Safe Communities	0	12,544
Slow Down	0	2,267
COPS	0	1,968
EMS	0	1,780
Total Special Revenue Funds	0	18,559

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

7. INTERFUND TRANSACTIONS (Continued)

	Receivable	Payable
Capital Improvements Capital Projects Fund	0	181,500
Totals	\$200,059	\$200,059

8. FIXED ASSETS

A summary of the enterprise funds' property, plant and equipment at December 31, 2000, follows:

Land	\$989,008
Buildings	14,246,264
Improvements Other than Buildings	2,771,169
Equipment	3,754,273
Vehicles	374,528
Infrastructure	10,326,342
Construction In Progress	303,479
Total	32,765,063
Less: Accumulated Depreciation	(13,260,824)
Net Fixed Assets	\$19,504,239

A summary of changes in general fixed assets follows:

	Balance 12/31/99	Additions	Deductions	Balance 12/31/00
Land	\$791,081	\$0	\$0	\$791,081
Buildings	1,548,225	0	0	1,548,225
Improvements Other than Buildings	558,686	8,955	0	567,641
Equipment	1,778,246	291,146	(22,829)	2,046,563
Vehicles	1,904,014	204,868	(81,700)	2,027,182
Total	\$6,580,252	\$504,969	(\$104,529)	\$6,980,692

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

9. LONG-TERM OBLIGATIONS

Changes in long-term obligations of the City during 2000 were as follows:

	Original Amount	Outstanding 12/31/99	Additions	(Reductions)	Outstanding 12/31/00
Enterprise Fund Obligations					
Mortgage Revenue Bond					
Waterworks System Revenue 1999 Refunding Bonds 3.50-4.35%	\$3,315,000	\$2,999,017	\$2,098	(\$255,000)	\$2,746,115
Ohio Public Works Commission Loans					
1993 East Side Water Improvement 0%	197,100	59,130	0	(19,710)	39,420
1994 Lakewood Road Waterline 0%	168,327	134,662	0	(8,417)	126,245
1994 Cotton Corners Waterline 0%	112,173	84,129	0	(5,608)	78,521
2000 Hayes Road Waterline 0%	69,190	0	69,190	(5,190)	64,000
2000 Highland Avenue Reconstruction 0%	34,642	0	34,642	0	34,642
Total OPWC Loans		277,921	103,832	(38,925)	342,828
Ohio Water Development Loan 1993 OWDA Phase II 5.00%	5,476,391	4,019,462	0	(238,284)	3,781,178
Capital Lease Obligations		105,201	0	(24,339)	80,862
Total Enterprise Fund Obligations		7,401,601	105,930	(556,548)	6,950,983
General Long-Term Obligations					
General Obligation Bonds					
1993 Street Improvement 3.50-6.30%	995,000	800,000	0	(40,000)	760,000
1994 Street Improvement 4.20-6.35%	171,514	143,995	0	(6,351)	137,644
Total General Obligation Bonds		\$943,995	\$0	(\$46,351)	\$897,644
Special Assessment Bonds					
1994 Street Improvement 4.20-6.35%	638,486	\$536,005	\$0	(\$23,649)	\$512,356
Capital Lease Obligations		49,724	61,583	(31,427)	79,880
Judgements Payable		118,558	0	(59,279)	59,279
Fire Pension		113,751	0	(1,420)	112,331
Intergovernmental		190,175	159,656	(190,175)	159,656
Compensated Absences		399,997	167,282	(910)	566,369
Total General Long-Term Obligations		2,352,205	388,521	(353,211)	2,387,515
Total All Types		\$9,753,806	\$494,451	(\$909,759)	\$9,338,498

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

9. LONG-TERM OBLIGATIONS (Continued)

	Waterworks Refunding Bond	Ohio Public Works Commission	Ohio Water Development Authority	General Obligation Bonds	Special Assessment Bonds	Police and Fire Pension
2001	\$377,397	\$40,716	\$436,315	\$100,025	\$55,152	\$6,239
2002	372,592	40,716	436,315	103,422	57,818	6,239
2003	372,333	21,006	436,315	100,518	56,299	6,239
2004	376,412	21,006	436,315	102,418	54,755	6,239
2005	374,613	21,006	436,315	100,179	57,123	6,239
2006-2010	1,497,340	105,029	2,181,572	501,196	278,427	31,195
2011-2015	0	85,572	654,473	307,275	224,623	31,175
2016-2020	0	7,777	0	0	0	31,305
2021-2025	0	0	0	0	0	31,195
2026-2030	0	0	0	0	0	31,195
2031-2035	0	0	0	0	0	27,793
Total Principal and Interest	3,370,687	342,828	5,017,620	1,315,033	784,197	215,053
Less: Interest	(605,687)	0	(1,236,442)	(417,389)	(271,841)	(102,722)
Total	<u>\$2,765,000</u>	<u>\$342,828</u>	<u>\$3,781,178</u>	<u>\$897,644</u>	<u>\$512,356</u>	<u>\$112,331</u>

The waterworks mortgage revenue bond will be paid from municipal income tax revenues collected and received in the water enterprise fund. Water enterprise fund user services charges are available as a secondary source. OPWC loans will be paid from municipal income tax and water enterprise fund user service charges. OWDA loans will be paid from the water enterprise fund user service charges.

General obligation bonds will be paid from the proceeds of municipal income tax. Special assessment bonds will be paid from the proceeds of special assessments levied against benefitted property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. Compensated absences reported in the "compensated absences payable" account will be paid from the fund from which the employees' salaries are paid. The judgement liability represents amounts owed to the Ravenna Township for the upkeep of a cemetery. The City is required to make payments of \$59,279 per year until the year 2001. The repayment is being made out of the general fund.

The fire pension liability will be paid from taxes receipted in the fire pension special revenue fund. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the pension is paid. Capital leases will be paid from various revenues from the general, special revenue and capital projects funds.

On June 1, 1999, the City issued \$3,315,000 in Revenue Bonds with a discount of \$22,032 and interest rates varying from 3.50 percent to 4.35 percent. Proceeds were used to retire \$3,070,000 of the outstanding 1987 Series revenue bonds. As of December 31, 2000, \$3,060,000 of outstanding refunded revenue bonds are considered defeased by assets held in an irrevocable trust. The 1999 revenue bonds include capital appreciation bonds. This year the additions include \$2,098, which represents the accretion of discounted interest remaining on the capital appreciation bonds.

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

9. LONG-TERM OBLIGATIONS (Continued)

The water refunding bonds, series 1999, had a balance at December 31, 2000 of \$2,746,115, net of unamortized discount.

The City's overall legal debt margin was \$16,596,888 at December 31, 2000.

10. CONTRACTUAL COMMITMENTS

As of December 31, 2000, the City had contractual commitments for the following projects:

	Contractual Commitment	Expended	Balance 12/31/00
Prospect St Bridge Design	\$90,337	\$57,712	\$32,625
Highland Water Reconstruction	149,000	144,037	4,963
Kent / Ravenna Water Line	131,250	25,134	106,116
Waste Water Expansion	696,908	56,418	640,490
Totals	<u>\$1,067,495</u>	<u>\$283,301</u>	<u>\$784,194</u>

11. CAPITAL LEASES

In prior years, the City entered into capitalized leases for the acquisition of copy machines. In 2000, the City entered into two leases for emergency 911 equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the general purpose financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

The following schedule is an analysis of equipment leased under capital leases as of December 31, 2000:

	General Fixed Assets	Enterprise
Equipment	\$164,583	\$135,000
Less: Accumulated Depreciation	0	(13,500)
Carrying Value	<u>\$164,583</u>	<u>\$121,500</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2000:

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

11. CAPITAL LEASES (Continued)

<u>Year</u>	<u>General Long-Term Obligation</u>	<u>Enterprise Fund Obligation</u>
2001	\$35,376	\$29,799
2002	33,227	29,799
2003	19,638	29,799
Total minimum lease payments	<u>88,241</u>	<u>89,397</u>
Less: Amount representing interest	<u>(8,361)</u>	<u>(8,535)</u>
Present value of minimum lease payments	<u><u>\$79,880</u></u>	<u><u>\$80,862</u></u>

12. EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Earned unused vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee hired before January 1, 1987, can be paid a maximum of 960 hours of accumulated, unused sick leave. Employees hired after January 1, 1987, can be paid a maximum of 650 hours. As of December 31, 2000, the liability for unpaid compensated absences was \$1,018,839 for the entire City.

13. DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

All City full-time employees, other than non-administrative full-time police officers and fire fighters, participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio, 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the City was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contribution to PERS for the years ended December 31, 2000, 1999, and 1998 were \$233,549, \$332,915, and \$311,407, respectively. The full amount has been contributed for 1999 and 1998. 67.89 percent has been contributed for 2000 with the remainder being reported as a liability in the general long term obligations account group and as a fund liability in the enterprise fund types.

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

13. DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer public employee retirement system administered by OP&F's Board of Trustees. OP&F provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12.25 percent for police and 16.75 percent for firefighters. For 1999, the City contributions were 12.5 percent for police and 17 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$192,090 and \$104,598 for 2000, \$128,677 and \$139,197 for the year ended December 31, 1999, and \$123,311 and \$143,681 for 1998. The full amount has been contributed for 1999 and 1998. 76.36 and 77.15 percent, respectively, have been contributed for 2000 with the remainder being reported as a liability within the general long-term obligations account group.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2000 the unfunded liability of the City was \$112,331 payable in semiannual payments through the year 2035. This is an accounting liability of the City which will not vary. The liability is reported in the general long-term obligations account group.

14. POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System (PERS)

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service employees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on the authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care.

Benefits are advanced-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

14. POSTEMPLOYMENT BENEFITS (Continued)

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 401,339. The City's actual contributions for 2000 which were used to fund postemployment benefits were \$153,557. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care cost paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.25 percent of covered payroll was applied to the postemployment health care program during 2000. For 1999 the percent used to fund healthcare was 7 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2000 that were used to fund postemployment benefits were \$107,571 for police and \$43,070 for fire. The OP&F's total health care expenses for the year ending December 31, 1999, (the latest information available) were \$95,004,633, which was net of member contributions of \$5,518,098. The number of OP&F participants eligible to receive health care benefits as of December 31, 1999, was 12,467 for police and 9,807 for firefighters.

15. RISK MANAGEMENT

The City 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. During 2000, the City contracted with several companies for various types of insurance as follows:

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

15. RISK MANAGEMENT (Continued)

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage</u>
Clarendon National	Umbrella Liability	\$10,000	\$5,000,000
	General Liability	5,000	2,000,000
	Law Enforcement Liability - each person, each wrongful act	5,000	1,000,000
	Public Officials Liability	5,000	1,000,000
	Auto Liability	None	1,000,000
	Commercial Property	10,000	30,410,501
Ohio Casualty	Bonds - Employees and Officials	None	100,000
AAIC	General Fire Liability/Rescue	None	2,000,000

Claims have not exceeded this coverage in any of the past three years and there has been no significant reduction in commercial coverage in any of the past three years.

The City manages the hospital/medical, dental, and life insurance benefits for its employees on a self-insured basis using an internal service fund. A third party administrator processes and pays the claims. An excess coverage insurance (stop loss) policy covers claims in excess of \$60,000 per employee.

The claims liability of \$79,160 reported in the fund at December 31, 2000, was estimated by reviewing current claims and is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. Changes in the fund's claims liability amount in 2000, 1999 and 1998 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2000	\$67,641	\$985,112	\$973,593	\$79,160
1999	93,196	825,956	851,511	67,641
1998	79,588	938,926	925,318	93,196

16. JOINTLY GOVERNED ORGANIZATION

Metro Critical Response and Rescue Team (CRRT) The Metro Critical Response and Rescue Team is a multi-jurisdictional tactical unit consisting of member agencies within Summit County as well as selected out of county agencies. The CRRT is a team of specially trained police officers from participating political subdivisions which will respond to any incident where special weapons and tactics are needed within the member jurisdictions. Each agency has a departmental representative that collectively constitutes the "Board of Directors". As a representative from one department you are allotted one vote in the decision making process of CRRT matters. The CRRT Board of Directors

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

16. JOINTLY GOVERNED ORGANIZATION (Continued)

are directed by an Executive Board consisting of a President, Vice-President and Secretary as elected annually from the members of the Board of Directors. The Board of Directors controls the budget and all financial concerns. In 2000, the City contributed \$3,702, which represents 4.94 percent of the total contribution.

17. JOINT VENTURE

Maple Grove Union Cemetery - The City participates in the Maple Grove Union Cemetery which is a statutorily created union cemetery, formed under chapter 759.27 of the Ohio Revised Code. The Cemetery's functions include the funding and operation of the cemetery which is located in both the City of Ravenna and the Township of Ravenna. It is governed by a three member board comprised of one member of the Township, one member of the City and one member voted on by the Board. The Board of Trustees approves its own budget, appoints personnel and oversees accounting and finance related activities. Each participant's control is limited to its membership representation. The continued existence of the Cemetery is dependent upon the City's continued participation, however, the City does not have an equity interest in the Cemetery. The Cemetery is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden to the City. The parties share in the costs of the operation of the cemetery based upon the prorated property valuations of each entity. The City's percentage for 2000 was 63.63%. During 2000, \$159,792 was paid by the City for operating and capital expenses. Complete financial statements may be obtained from the Maple Grove Union Cemetery, Ravenna, Ohio.

18. SEGMENT INFORMATION

The City's enterprise funds account for the provision of sewer and water services. The table below reflects, in a summarized format, the more significant data relating to the enterprise funds of the City of Ravenna as of and for the year ended December 31, 2000:

	Water Fund	Sewer Fund	Total
Operating Revenues	\$1,800,931	\$2,316,500	\$4,117,431
Depreciation Expense	490,851	322,756	813,607
Operating Income (Loss)	(752,054)	239,494	(512,560)
Municipal Income Tax Revenue	1,036,107	0	1,036,107
Fixed Assets:			
Additions	915,801	11,975	927,776
Deletions	16,506	8,300	24,806
Current Capital Contributions	38,958	106,781	145,739
Net Working Capital	1,853,934	1,348,162	3,202,096

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

18. SEGMENT INFORMATION (Continued)

Total Assets	16,001,545	9,172,332	25,173,877
Long-Term Liabilities	3,098,181	3,862,040	6,960,221
Total Equity	12,594,910	4,334,822	16,929,732
Encumbrances	342,636	328,997	671,633

19. CONTINGENCIES

A. Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2000.

B. Litigation

The City of Ravenna is a party to legal proceedings. The City management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

**CITY OF RAVENNA
PORTAGE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPT. OF HEALTH & HUMAN SERVICES</u>			
<i>Passed Through Ohio Department of Aging:</i>			
Special Program for the Aging - Title III, Part B	None	93.044	\$3,645
Total U.S. Department of Health & Human Services			3,645
<u>U.S. DEPT. OF HOUSING & URBAN DEVELOPMENT</u>			
<i>Passed Through Ohio Department of Development:</i>			
Community Housing Improvement Program (CHIP) Community Development Block Grant Funds (CDBG)	AC-98-168-1 AE-99-168-1	14.228 14.228	30,000 122,429 <hr/> 152,429
Community Development Block Grant Formula Program	AF-98-168-1 AF-99-168-1	14.228 14.228	330 70,064 <hr/> 70,394 222,823
Community Housing Improvement Program (CHIP) Home Improvement Partnerships Program (HOME)	AC-97-168-2 AC-98-168-2	14.239 14.239	1,837 193,806 <hr/> 195,643
Total U.S. Department of Housing & Urban Development			418,466
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed Through Office of Community Oriented Policing Services:</i>			
Bulletproof Vest Partnership	99000536	16.607	1,902
Community Oriented Policing Services (COPS) 96-99	95-CF-WX-1504	16.710	3,332
Community Oriented Policing Services (COPS) 97-00	95-CF-WX-1504	16.710	13,333
COPS Drug Task Force	95-CF-WX-1504	16.710	20,862
COPS Safe Schools	99-SH-WX-0542	16.710	23,727 <hr/> 61,254
Total U.S. Department of Justice			63,156
<u>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u>			
<i>Passed Through the Ohio Department of Public Safety:</i>			
Operation Slow Down Program	1999-PT-N/1	20.600	13,894
Safe Communities 98-99	2000-SA-N/1	20.600	33,541
Safe Communities 99-00	2001-SA-N/1	20.600	4,255
Safe and Sober	2000-PT-N/1	20.600	2,267 <hr/> 53,957
Total National Highway Traffic Safety Administration			53,957
<u>U.S. DEPT. OF TRANSPORTATION</u>			
<i>Passed Through Ohio Department of Transportation:</i>			
Prospect Street Grant	BRF-093B(17)	20.XXX	12,019
Total U.S. Department of Transportation			12,019
Total Federal Financial Assistance			\$551,243

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

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B -- COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The City has established a revolving loan program to provide low-interest loans to businesses to assist in expansion and to create jobs for persons from low-moderate income households, in addition to eligible persons for modernization and rehabilitation of homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property, by Uniform Commercial Code, and inventory. At December 31, 2000, the gross amount of loans outstanding under this program were \$3,603,586.

NOTE C -- MATCHING REQUIREMENTS

Certain Federal programs require that the City contribute non-federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

City of Ravenna
Portage County
210 Parkway
Ravenna, Ohio 44266

To the City Council:

We have audited the financial statements of the City of Ravenna, Ohio, Portage County (the City) as of and for the year ended December 31, 2000, and have issued our report thereon dated May 7, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated May 7, 2001.

This report is intended for the information and use of the City's management, Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 7, 2001



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

City of Ravenna
Portage County
210 Parkway
Ravenna, Ohio 44266

To the City Council:

Compliance

We have audited the compliance of the City of Ravenna, Ohio, Portage County (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2000. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2000.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the City's management, Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 7, 2001

**CITY OF RAVENNA
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant (CDBG) - #14.228
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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CITY OF RAVENNA

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
JULY 3, 2001**