



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 City
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, 2001, 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 auditing standards generally accepted in the United States of America 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, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

During the year ended December 31, 2001, the City adopted Governmental Accounting Statement No. 33 and 36.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2002 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.

We performed our audit to form 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 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. We subjected this information 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Petro
Auditor of State

June 20, 2002

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City of Ravenna, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2001

| | Governmental Fund Types | | | |
|--|-------------------------|--------------------|------------------|---------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| Assets and Other Debits | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$3,602,370 | \$1,707,541 | \$0 | \$2,012,166 |
| Cash and Cash Equivalents with Fiscal Agents | 0 | 0 | 469 | 0 |
| Receivables: | | | | |
| Taxes | 934,689 | 128,118 | 0 | 123,024 |
| Accounts | 107,861 | 25,844 | 0 | 314 |
| Interfund | 217,072 | 0 | 0 | 0 |
| Special Assessments | 8,835 | 0 | 590,494 | 765 |
| Intergovernmental | 458,576 | 456,889 | 0 | 0 |
| Materials and Supplies Inventory | 21,699 | 92,936 | 0 | 0 |
| Prepaid Items | 36,996 | 20,507 | 0 | 0 |
| Deferred Charges | 0 | 0 | 0 | 0 |
| Loans Receivable | 0 | 3,914,906 | 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 | | | | |
| Equivalents 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>\$5,388,098</u> | <u>\$6,346,741</u> | <u>\$590,963</u> | <u>\$2,136,269</u> |

| Proprietary Fund Types | | Fiduciary Fund Type | Account Groups | | Totals (Memorandum Only) |
|------------------------|------------------|---------------------|----------------------|-------------------------------|-----------------------------|
| Enterprise | Internal Service | Agency | General Fixed Assets | General Long-Term Obligations | |
| \$2,815,159 | \$0 | \$7,530 | \$0 | \$0 | \$10,144,766 |
| 0 | 0 | 0 | 0 | 0 | 469 |
| 120,281 | 0 | 0 | 0 | 0 | 1,306,112 |
| 406,674 | 0 | 0 | 0 | 0 | 540,693 |
| 0 | 0 | 0 | 0 | 0 | 217,072 |
| 0 | 0 | 0 | 0 | 0 | 600,094 |
| 689,027 | 0 | 0 | 0 | 0 | 1,604,492 |
| 93,514 | 0 | 0 | 0 | 0 | 208,149 |
| 24,506 | 0 | 0 | 0 | 0 | 82,009 |
| 94,899 | 0 | 0 | 0 | 0 | 94,899 |
| 0 | 0 | 0 | 0 | 0 | 3,914,906 |
| 705,080 | 0 | 0 | 0 | 0 | 705,080 |
| 427,730 | 0 | 0 | 0 | 0 | 427,730 |
| 1,586 | 0 | 0 | 0 | 0 | 1,586 |
| 19,136,040 | 0 | 0 | 7,769,856 | 0 | 26,905,896 |
| 0 | 0 | 0 | 0 | 2,739,060 | 2,739,060 |
| <u>\$24,514,496</u> | <u>\$0</u> | <u>\$7,530</u> | <u>\$7,769,856</u> | <u>\$2,739,060</u> | <u>\$49,493,013</u> |

(continued)

City of Ravenna, Ohio
Combined Balance Sheet
All Fund Types and Account Groups (continued)
December 31, 2001

| | Governmental Fund Types | | | |
|---|-------------------------|--------------------|------------------|---------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| Liabilities, Fund Equity and Other Credits | | | | |
| Liabilities | | | | |
| Accounts Payable | \$18,648 | \$9,975 | \$0 | \$2,815 |
| Interfund Payable | 0 | 35,572 | 0 | 181,500 |
| Accrued Wages | 71,503 | 23,597 | 0 | 149 |
| Compensated Absences Payable | 53,781 | 21,895 | 0 | 0 |
| Intergovernmental Payable | 18,916 | 6,992 | 0 | 2,158 |
| Deferred Revenue | 1,034,091 | 434,448 | 590,494 | 45,963 |
| Deposits Held and Due to Others | 0 | 0 | 0 | 0 |
| Matured Interest Payable | 0 | 0 | 469 | 0 |
| Accrued Interest Payable | 2,444 | 0 | 0 | 0 |
| Notes Payable | 575,000 | 0 | 0 | 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 Pension Liability | 0 | 0 | 0 | 0 |
| Capital Leases Payable | 0 | 0 | 0 | 0 |
| OPWC Loans 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 | 1,774,383 | 532,479 | 590,963 | 232,585 |
| 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 | 32,643 | 5,748 | 0 | 256,656 |
| Reserved for Inventory | 21,699 | 92,936 | 0 | 0 |
| Reserved for Unclaimed Monies | 424 | 0 | 0 | 0 |
| Reserved for Loans Receivable | 0 | 3,914,906 | 0 | 0 |
| Unreserved, Undesignated | 3,558,949 | 1,800,672 | 0 | 1,647,028 |
| Total Fund Equity (Deficit) and Other Credits | 3,613,715 | 5,814,262 | 0 | 1,903,684 |
| Total Liabilities, Fund Equity and Other Credits | \$5,388,098 | \$6,346,741 | \$590,963 | \$2,136,269 |

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 | |
| \$141,159 | \$0 | \$0 | \$0 | \$0 | \$172,597 |
| 0 | 0 | 0 | 0 | 0 | 217,072 |
| 46,935 | 0 | 0 | 0 | 0 | 142,184 |
| 354,633 | 0 | 0 | 0 | 712,307 | 1,142,616 |
| 77,821 | 0 | 0 | 0 | 184,209 | 290,096 |
| 0 | 0 | 0 | 0 | 0 | 2,104,996 |
| 0 | 0 | 7,530 | 0 | 0 | 7,530 |
| 0 | 0 | 0 | 0 | 0 | 469 |
| 0 | 0 | 0 | 0 | 0 | 2,444 |
| 0 | 0 | 0 | 0 | 0 | 575,000 |
| 0 | 68,975 | 0 | 0 | 0 | 68,975 |
| 265,000 | 0 | 0 | 0 | 0 | 265,000 |
| 8,549 | 0 | 0 | 0 | 0 | 8,549 |
| 626,527 | 0 | 0 | 0 | 0 | 626,527 |
| 0 | 0 | 0 | 0 | 110,850 | 110,850 |
| 55,260 | 0 | 0 | 0 | 391,694 | 446,954 |
| 305,024 | 0 | 0 | 0 | 0 | 305,024 |
| 3,530,832 | 0 | 0 | 0 | 0 | 3,530,832 |
| 0 | 0 | 0 | 0 | 851,293 | 851,293 |
| 2,218,213 | 0 | 0 | 0 | 0 | 2,218,213 |
| 0 | 0 | 0 | 0 | 488,707 | 488,707 |
| <u>7,629,953</u> | <u>68,975</u> | <u>7,530</u> | <u>0</u> | <u>2,739,060</u> | <u>13,575,928</u> |
| 0 | 0 | 0 | 7,769,856 | 0 | 7,769,856 |
| 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 |
| 14,241,218 | (68,975) | 0 | 0 | 0 | 14,172,243 |
| 0 | 0 | 0 | 0 | 0 | 295,047 |
| 0 | 0 | 0 | 0 | 0 | 114,635 |
| 0 | 0 | 0 | 0 | 0 | 424 |
| 0 | 0 | 0 | 0 | 0 | 3,914,906 |
| 0 | 0 | 0 | 0 | 0 | 7,006,649 |
| <u>16,884,543</u> | <u>(68,975)</u> | <u>0</u> | <u>7,769,856</u> | <u>0</u> | <u>35,917,085</u> |
| <u>\$24,514,496</u> | <u>\$0</u> | <u>\$7,530</u> | <u>\$7,769,856</u> | <u>\$2,739,060</u> | <u>\$49,493,013</u> |

City of Ravenna, Ohio
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2001*

| | Governmental Fund | |
|--|--------------------|--------------------|
| | General | Special Revenue |
| Revenues | | |
| Municipal Income Tax | \$2,965,994 | \$1,078,190 |
| Property and Other Taxes | 581,238 | 0 |
| Charges for Services | 209,979 | 630,407 |
| Licenses and Permits | 155,278 | 0 |
| Fines and Forfeitures | 144,564 | 7,076 |
| Intergovernmental | 1,502,387 | 1,562,448 |
| Special Assessments | 0 | 0 |
| Interest | 393,553 | 74,457 |
| Donations | 200 | 5,808 |
| Other | 10,079 | 20,785 |
| | <u>5,963,272</u> | <u>3,379,171</u> |
| <i>Total Revenues</i> | | |
| Expenditures | | |
| Current: | | |
| General Government | 1,129,243 | 15,972 |
| Security of Persons and Property | 3,795,281 | 856,493 |
| Public Health and Welfare | 138,142 | 0 |
| Transportation | 0 | 934,521 |
| Community Environment | 229,152 | 783,523 |
| Basic Utility Services | 150,049 | 0 |
| Leisure Time Activities | 0 | 507,754 |
| Economic Development | 3,905 | 206,936 |
| Capital Outlay | 0 | 0 |
| Debt Service: | | |
| Principal Retirement | 78,447 | 21,259 |
| Interest and Fiscal Charges | 5,663 | 4,758 |
| | <u>5,529,882</u> | <u>3,331,216</u> |
| <i>Total Expenditures</i> | | |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>433,390</u> | <u>47,955</u> |
| Other Financing Sources (Uses) | | |
| Sale of Fixed Assets | 3,362 | 51,920 |
| Inception of Capital Lease | 352,898 | 0 |
| Operating Transfers In | 49,294 | 48,961 |
| Operating Transfers Out | (674,692) | 0 |
| | <u>(269,138)</u> | <u>100,881</u> |
| <i>Total Other Financing Sources (Uses)</i> | | |
| <i>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</i> | <u>164,252</u> | <u>148,836</u> |
| <i>Fund Balances Beginning of Year (Restated - See Note 3)</i> | 3,453,736 | 5,617,228 |
| Increase (Decrease) in Reserve for Inventory | (4,273) | 48,198 |
| <i>Fund Balances End of Year</i> | <u>\$3,613,715</u> | <u>\$5,814,262</u> |

See accompanying notes to the general purpose financial statements

| <u>Types</u> | | |
|---------------------|-----------------------------|---|
| <u>Debt Service</u> | <u>Capital Projects</u> | <u>Totals (Memorandum Only)</u> |
| \$0 | \$1,035,070 | \$5,079,254 |
| 0 | 0 | 581,238 |
| 0 | 0 | 840,386 |
| 0 | 0 | 155,278 |
| 0 | 0 | 151,640 |
| 0 | 94,084 | 3,158,919 |
| 52,604 | 0 | 52,604 |
| 0 | 0 | 468,010 |
| 0 | 8,000 | 14,008 |
| 0 | 135,781 | 166,645 |
| <u>52,604</u> | <u>1,272,935</u> | <u>10,667,982</u> |
| 7,460 | 0 | 1,152,675 |
| 0 | 0 | 4,651,774 |
| 0 | 0 | 138,142 |
| 0 | 0 | 934,521 |
| 0 | 0 | 1,012,675 |
| 0 | 0 | 150,049 |
| 0 | 0 | 507,754 |
| 0 | 0 | 210,841 |
| 0 | 1,392,189 | 1,392,189 |
| 70,000 | 2,138 | 171,844 |
| 85,178 | 0 | 95,599 |
| <u>162,638</u> | <u>1,394,327</u> | <u>10,418,063</u> |
| <u>(110,034)</u> | <u>(121,392)</u> | <u>249,919</u> |
| 0 | 16,450 | 71,732 |
| 0 | 0 | 352,898 |
| 110,034 | 525,000 | 733,289 |
| 0 | (159,322) | (834,014) |
| <u>110,034</u> | <u>382,128</u> | <u>323,905</u> |
| 0 | 260,736 | 573,824 |
| 0 | 1,642,948 | 10,713,912 |
| 0 | 0 | 43,925 |
| <u>\$0</u> | <u>\$1,903,684</u> | <u>\$11,331,661</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, 2001*

| | General Fund | | | Variance Favorable (Unfavorable) |
|--|--------------------|--------------------|--------------------|--|
| | Original Budget | Revised Budget | Actual | |
| Revenues | | | | |
| Municipal Income Tax | \$3,081,916 | \$3,081,916 | \$3,008,305 | (\$73,611) |
| Property and Other Taxes | 579,326 | 579,326 | 581,238 | 1,912 |
| Charges for Services | 204,450 | 204,450 | 209,009 | 4,559 |
| Licenses and Permits | 71,015 | 71,015 | 58,899 | (12,116) |
| Fines and Forfeitures | 180,818 | 180,818 | 144,564 | (36,254) |
| Intergovernmental | 923,100 | 923,100 | 1,425,501 | 502,401 |
| Special Assessments | 0 | 0 | 0 | 0 |
| Interest | 527,500 | 527,500 | 437,891 | (89,609) |
| Donations | 1,350 | 1,350 | 200 | (1,150) |
| Other | 1,800 | 1,800 | 1,100 | (700) |
| <i>Total Revenues</i> | <u>5,571,275</u> | <u>5,571,275</u> | <u>5,866,707</u> | <u>295,432</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 1,084,690 | 1,309,634 | 1,147,856 | 161,778 |
| Security of Persons and Property | 3,521,381 | 3,543,472 | 3,458,302 | 85,170 |
| Public Health and Welfare | 147,831 | 153,576 | 139,558 | 14,018 |
| Transportation | 0 | 0 | 0 | 0 |
| Community Environment | 217,175 | 235,090 | 228,241 | 6,849 |
| Basic Utility Services | 175,842 | 195,992 | 165,387 | 30,605 |
| Leisure Time Activities | 0 | 0 | 0 | 0 |
| Economic Development | 12,012 | 13,882 | 5,405 | 8,477 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Debt Service: | | | | |
| Principal Retirement | 59,280 | 59,280 | 59,279 | 1 |
| Interest and Fiscal Charges | 3,854 | 3,854 | 3,219 | 635 |
| <i>Total Expenditures</i> | <u>5,222,065</u> | <u>5,514,780</u> | <u>5,207,247</u> | <u>307,533</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>349,210</u> | <u>56,495</u> | <u>659,460</u> | <u>602,965</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds of Notes | 0 | 0 | 575,000 | 575,000 |
| Sale of Fixed Assets | 1,000 | 1,000 | 3,362 | 2,362 |
| Advances In | 80,500 | 143,045 | 66,900 | (76,145) |
| Advances Out | (80,500) | (150,500) | (83,913) | 66,587 |
| Operating Transfers In | 49,880 | 49,880 | 49,294 | (586) |
| Operating Transfers Out | (133,042) | (764,472) | (674,692) | 89,780 |
| <i>Total Other Financing Sources (Uses)</i> | <u>(82,162)</u> | <u>(721,047)</u> | <u>(64,049)</u> | <u>656,998</u> |
| <i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i> | 267,048 | (664,552) | 595,411 | 1,259,963 |
| <i>Fund Balances Beginning of Year</i> | 2,926,318 | 2,926,318 | 2,926,318 | 0 |
| Prior Year Encumbrances Appropriated | 47,998 | 47,998 | 47,998 | 0 |
| <i>Fund Balances End of Year</i> | <u>\$3,241,364</u> | <u>\$2,309,764</u> | <u>\$3,569,727</u> | <u>\$1,259,963</u> |

| Special Revenue Funds | | | | Debt Service Funds | | | |
|-----------------------|--------------------|--------------------|----------------------------------|--------------------|------------------|------------------|----------------------------------|
| Original Budget | Revised Budget | Actual | Variance Favorable (Unfavorable) | Original Budget | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$1,111,187 | \$1,119,787 | \$1,094,441 | (\$25,346) | \$0 | \$0 | \$0 | \$0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 634,772 | 634,772 | 632,047 | (2,725) | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4,544 | 4,544 | 7,506 | 2,962 | 0 | 0 | 0 | 0 |
| 1,425,670 | 2,092,480 | 1,541,300 | (551,180) | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 44,784 | 44,784 | 52,604 | 7,820 |
| 116,900 | 116,900 | 76,078 | (40,822) | 0 | 0 | 0 | 0 |
| 6,700 | 6,700 | 5,808 | (892) | 0 | 0 | 0 | 0 |
| 9,021 | 9,021 | 20,842 | 11,821 | 0 | 0 | 0 | 0 |
| <u>3,308,794</u> | <u>3,984,204</u> | <u>3,378,022</u> | <u>(606,182)</u> | <u>44,784</u> | <u>44,784</u> | <u>52,604</u> | <u>7,820</u> |
| 16,199 | 16,199 | 15,109 | 1,090 | 7,487 | 7,487 | 7,460 | 27 |
| 911,541 | 1,082,609 | 885,369 | 197,240 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1,010,475 | 1,061,789 | 966,190 | 95,599 | 0 | 0 | 0 | 0 |
| 788,927 | 1,388,409 | 784,142 | 604,267 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 556,855 | 588,573 | 516,826 | 71,747 | 0 | 0 | 0 | 0 |
| 825,200 | 852,060 | 246,408 | 605,652 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1,481 | 1,481 | 1,481 | 0 | 70,000 | 70,000 | 70,000 | 0 |
| 4,759 | 4,759 | 4,758 | 1 | 85,178 | 85,178 | 85,178 | 0 |
| <u>4,115,437</u> | <u>4,995,879</u> | <u>3,420,283</u> | <u>1,575,596</u> | <u>162,665</u> | <u>162,665</u> | <u>162,638</u> | <u>27</u> |
| <u>(806,643)</u> | <u>(1,011,675)</u> | <u>(42,261)</u> | <u>969,414</u> | <u>(117,881)</u> | <u>(117,881)</u> | <u>(110,034)</u> | <u>7,847</u> |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 50,800 | 50,800 | 51,920 | 1,120 | 0 | 0 | 0 | 0 |
| 52,159 | 109,884 | 35,572 | (74,312) | 0 | 0 | 0 | 0 |
| (44,704) | (102,429) | (18,559) | 83,870 | 0 | 0 | 0 | 0 |
| 49,922 | 55,622 | 48,961 | (6,661) | 117,881 | 117,881 | 110,034 | (7,847) |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>108,177</u> | <u>113,877</u> | <u>117,894</u> | <u>4,017</u> | <u>117,881</u> | <u>117,881</u> | <u>110,034</u> | <u>(7,847)</u> |
| (698,466) | (897,798) | 75,633 | 973,431 | 0 | 0 | 0 | 0 |
| 1,535,143 | 1,535,143 | 1,535,143 | 0 | 0 | 0 | 0 | 0 |
| 90,417 | 90,417 | 90,417 | 0 | 0 | 0 | 0 | 0 |
| <u>\$927,094</u> | <u>\$727,762</u> | <u>\$1,701,193</u> | <u>\$973,431</u> | <u>\$0</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, 2001*

| | Capital Projects Funds | | | Variance Favorable (Unfavorable) |
|--|------------------------|--------------------|--------------------|--|
| | Original Budget | Revised Budget | Actual | |
| Revenues | | | | |
| Municipal Income Tax | \$1,075,270 | \$1,075,270 | \$1,050,674 | (\$24,596) |
| Property and Other Taxes | 0 | 0 | 0 | 0 |
| Charges for Services | 0 | 0 | 0 | 0 |
| Licenses and Permits | 0 | 0 | 0 | 0 |
| Fines and Forfeitures | 0 | 0 | 0 | 0 |
| Intergovernmental | 161,377 | 161,377 | 94,084 | (67,293) |
| Special Assessments | 1,100 | 1,100 | 0 | (1,100) |
| Interest | 0 | 0 | 0 | 0 |
| Donations | 0 | 8,000 | 8,000 | 0 |
| Other | 91,442 | 91,442 | 136,152 | 44,710 |
| <i>Total Revenues</i> | <u>1,329,189</u> | <u>1,337,189</u> | <u>1,288,910</u> | <u>(48,279)</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 0 | 0 | 0 | 0 |
| Security of Persons and Property | 0 | 0 | 0 | 0 |
| Public Health and Welfare | 0 | 0 | 0 | 0 |
| Transportation | 0 | 0 | 0 | 0 |
| Community Environment | 0 | 0 | 0 | 0 |
| Basic Utility Services | 0 | 0 | 0 | 0 |
| Leisure Time Activities | 0 | 0 | 0 | 0 |
| Economic Development | 0 | 0 | 0 | 0 |
| Capital Outlay | 790,451 | 1,720,296 | 1,651,528 | 68,768 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 0 | 0 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 | 0 |
| <i>Total Expenditures</i> | <u>790,451</u> | <u>1,720,296</u> | <u>1,651,528</u> | <u>68,768</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>538,738</u> | <u>(383,107)</u> | <u>(362,618)</u> | <u>20,489</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds of Notes | 0 | 0 | 0 | 0 |
| Sale of Fixed Assets | 10,000 | 10,000 | 16,450 | 6,450 |
| Advances In | 0 | 0 | 0 | 0 |
| Advances Out | 0 | 0 | 0 | 0 |
| Operating Transfers In | 100,000 | 525,000 | 525,000 | 0 |
| Operating Transfers Out | (167,170) | (167,170) | (159,322) | 7,848 |
| <i>Total Other Financing Sources (Uses)</i> | <u>(57,170)</u> | <u>367,830</u> | <u>382,128</u> | <u>14,298</u> |
| <i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i> | 481,568 | (15,277) | 19,510 | 34,787 |
| <i>Fund Balances Beginning of Year</i> | 1,053,820 | 1,053,820 | 1,053,820 | 0 |
| Prior Year Encumbrances Appropriated | 682,180 | 682,180 | 682,180 | 0 |
| <i>Fund Balances End of Year</i> | <u>\$2,217,568</u> | <u>\$1,720,723</u> | <u>\$1,755,510</u> | <u>\$34,787</u> |

See accompanying notes to the general purpose financial statements

| Totals (Memorandum Only) | | | |
|--------------------------|--------------------|--------------------|--|
| Original Budget | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$5,268,373 | \$5,276,973 | \$5,153,420 | (\$123,553) |
| 579,326 | 579,326 | 581,238 | 1,912 |
| 839,222 | 839,222 | 841,056 | 1,834 |
| 71,015 | 71,015 | 58,899 | (12,116) |
| 185,362 | 185,362 | 152,070 | (33,292) |
| 2,510,147 | 3,176,957 | 3,060,885 | (116,072) |
| 45,884 | 45,884 | 52,604 | 6,720 |
| 644,400 | 644,400 | 513,969 | (130,431) |
| 8,050 | 16,050 | 14,008 | (2,042) |
| 102,263 | 102,263 | 158,094 | 55,831 |
| <u>10,254,042</u> | <u>10,937,452</u> | <u>10,586,243</u> | <u>(351,209)</u> |
| 1,108,376 | 1,333,320 | 1,170,425 | 162,895 |
| 4,432,922 | 4,626,081 | 4,343,671 | 282,410 |
| 147,831 | 153,576 | 139,558 | 14,018 |
| 1,010,475 | 1,061,789 | 966,190 | 95,599 |
| 1,006,102 | 1,623,499 | 1,012,383 | 611,116 |
| 175,842 | 195,992 | 165,387 | 30,605 |
| 556,855 | 588,573 | 516,826 | 71,747 |
| 837,212 | 865,942 | 251,813 | 614,129 |
| 790,451 | 1,720,296 | 1,651,528 | 68,768 |
| 130,761 | 130,761 | 130,760 | 1 |
| 93,791 | 93,791 | 93,155 | 636 |
| <u>10,290,618</u> | <u>12,393,620</u> | <u>10,441,696</u> | <u>1,951,924</u> |
| <u>(36,576)</u> | <u>(1,456,168)</u> | <u>144,547</u> | <u>1,600,715</u> |
| 0 | 0 | 575,000 | 575,000 |
| 61,800 | 61,800 | 71,732 | 9,932 |
| 132,659 | 252,929 | 102,472 | (150,457) |
| (125,204) | (252,929) | (102,472) | 150,457 |
| 317,683 | 748,383 | 733,289 | (15,094) |
| (300,212) | (931,642) | (834,014) | 97,628 |
| <u>86,726</u> | <u>(121,459)</u> | <u>546,007</u> | <u>667,466</u> |
| 50,150 | (1,577,627) | 690,554 | 2,268,181 |
| 5,515,281 | 5,515,281 | 5,515,281 | 0 |
| 820,595 | 820,595 | 820,595 | 0 |
| <u>\$6,386,026</u> | <u>\$4,758,249</u> | <u>\$7,026,430</u> | <u>\$2,268,181</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, 2001*

| | Enterprise | Internal Service | Total (Memorandum Only) |
|--|----------------------------|--------------------------|-------------------------------|
| Operating Revenues | | | |
| Charges for Services | \$4,059,797 | \$1,311,366 | \$5,371,163 |
| Other | 85,739 | 0 | 85,739 |
| <i>Total Operating Revenues</i> | <u>4,145,536</u> | <u>1,311,366</u> | <u>5,456,902</u> |
| Operating Expenses | | | |
| Personal Services | 2,777,445 | 0 | 2,777,445 |
| Contractual Services | 583,578 | 16,193 | 599,771 |
| Claims | 0 | 1,284,988 | 1,284,988 |
| Materials and Supplies | 770,084 | 0 | 770,084 |
| Depreciation | 816,661 | 0 | 816,661 |
| <i>Total Operating Expenses</i> | <u>4,947,768</u> | <u>1,301,181</u> | <u>6,248,949</u> |
| <i>Operating Income (Loss)</i> | <u>(802,232)</u> | <u>10,185</u> | <u>(792,047)</u> |
| Non-Operating Revenues (Expenses) | | | |
| Municipal Income Tax | 809,917 | 0 | 809,917 |
| Tap-in Fees | 33,566 | 0 | 33,566 |
| Special Assessments | 1,281 | 0 | 1,281 |
| Interest | 23,017 | 0 | 23,017 |
| Capital Grants | 88,572 | 0 | 88,572 |
| Gain on Sale of Fixed Assets | 8,371 | 0 | 8,371 |
| Interest and Fiscal Charges | (315,834) | 0 | (315,834) |
| Loss on Disposal of Fixed Assets | (51,264) | 0 | (51,264) |
| <i>Total Non-Operating Revenues (Expenses)</i> | <u>597,626</u> | <u>0</u> | <u>597,626</u> |
| <i>Income (Loss) Before Operating Transfers</i> | <u>(204,606)</u> | <u>10,185</u> | <u>(194,421)</u> |
| Operating Transfers In | 100,730 | 0 | 100,730 |
| Operating Transfers Out | (5) | 0 | (5) |
| <i>Net Income (Loss)</i> | <u>(103,881)</u> | <u>10,185</u> | <u>(93,696)</u> |
| <i>Retained Earnings (Deficit) Beginning of Year (Restated - See Note 3)</i> | <u>15,050,179</u> | <u>(79,160)</u> | <u>14,971,019</u> |
| <i>Retained Earnings (Deficit) End of Year</i> | 14,946,298 | (68,975) | 14,877,323 |
| <i>Contributed Capital Beginning and 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>\$16,884,543</u></u> | <u><u>(\$68,975)</u></u> | <u><u>\$16,815,568</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, 2001*

| | Enterprise Funds | | | Variance Favorable (Unfavorable) |
|---|--------------------|--------------------|--------------------|--|
| | Original Budget | Revised Budget | Actual | |
| Revenues | | | | |
| Municipal Income Tax | \$859,285 | \$859,285 | \$839,676 | (\$19,609) |
| Charges for Services | 4,562,806 | 4,543,940 | 4,102,597 | (441,343) |
| Tap In Fees | 44,800 | 44,800 | 33,566 | (11,234) |
| Special Assessments | 2,036 | 2,036 | 1,985 | (51) |
| Capital Grants | 156,140 | 184,640 | 88,572 | (96,068) |
| Sale of Fixed Assets | 1,000 | 1,000 | 8,371 | 7,371 |
| Other | 87,931 | 87,931 | 86,967 | (964) |
| <i>Total Revenues</i> | <u>5,713,998</u> | <u>5,723,632</u> | <u>5,161,734</u> | <u>(561,898)</u> |
| Expenses | | | | |
| Current: | | | | |
| Personal Services | 2,862,191 | 2,898,170 | 2,810,033 | 88,137 |
| Contractual Services | 608,252 | 658,145 | 565,301 | 92,844 |
| Claims | 0 | 0 | 0 | 0 |
| Materials and Supplies | 498,450 | 537,355 | 442,410 | 94,945 |
| Capital Outlay | 530,674 | 1,483,426 | 1,284,433 | 198,993 |
| Debt Service: | | | | |
| Principal Retirement | 579,935 | 579,935 | 572,877 | 7,058 |
| Interest and Fiscal Charges | 302,563 | 302,563 | 239,408 | 63,155 |
| <i>Total Expenses</i> | <u>5,382,065</u> | <u>6,459,594</u> | <u>5,914,462</u> | <u>545,132</u> |
| <i>Excess of Revenues Over (Under) Expenses</i> | 331,933 | (735,962) | (752,728) | (16,766) |
| Operating Transfers In | 98,230 | 100,730 | 100,730 | 0 |
| Operating Transfers Out | (5) | (5) | (5) | 0 |
| <i>Excess of Revenues Over (Under) Expenses and Operating Transfers</i> | 430,158 | (635,237) | (652,003) | (16,766) |
| <i>Fund Equity Beginning of Year</i> | 2,971,932 | 2,971,932 | 2,971,932 | 0 |
| Prior Year Encumbrances Appropriated | 671,632 | 671,632 | 671,632 | 0 |
| <i>Fund Equity End of Year</i> | <u>\$4,073,722</u> | <u>\$3,008,327</u> | <u>\$2,991,561</u> | <u>(\$16,766)</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, 2001*

| | Internal Service | | | Variance Favorable (Unfavorable) |
|---|--------------------|-------------------|-------------------|--|
| | Original Budget | Revised Budget | Actual | |
| Revenues | | | | |
| Municipal Income Tax | \$0 | \$0 | \$0 | \$0 |
| Charges for Services | 1,360,784 | 1,360,784 | 1,311,366 | (49,418) |
| Tap In Fees | 0 | 0 | 0 | 0 |
| Special Assessments | 0 | 0 | 0 | 0 |
| Capital Grants | 0 | 0 | 0 | 0 |
| Sale of Fixed Assets | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| <i>Total Revenues</i> | <u>1,360,784</u> | <u>1,360,784</u> | <u>1,311,366</u> | <u>(49,418)</u> |
| Expenses | | | | |
| Current: | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Contractual Services | 19,000 | 19,000 | 16,193 | 2,807 |
| Claims | 1,341,784 | 1,341,784 | 1,295,173 | 46,611 |
| Materials and Supplies | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 0 | 0 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 | 0 |
| <i>Total Expenses</i> | <u>1,360,784</u> | <u>1,360,784</u> | <u>1,311,366</u> | <u>49,418</u> |
| <i>Excess of Revenues Over (Under) Expenses</i> | 0 | 0 | 0 | 0 |
| Operating Transfers In | 0 | 0 | 0 | 0 |
| Operating Transfers Out | 0 | 0 | 0 | 0 |
| <i>Excess of Revenues Over (Under) Expenses and Operating Transfers</i> | 0 | 0 | 0 | 0 |
| <i>Fund Equity Beginning of Year</i> | 0 | 0 | 0 | 0 |
| Prior Year Encumbrances Appropriated | 0 | 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> | <u><u>\$0</u></u> |

See accompanying notes to the general purpose financial statements

| Totals (Memorandum Only) | | | |
|--------------------------|--------------------|--------------------|--|
| Original Budget | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$859,285 | \$859,285 | \$839,676 | (\$19,609) |
| 5,923,590 | 5,904,724 | 5,413,963 | (490,761) |
| 44,800 | 44,800 | 33,566 | (11,234) |
| 2,036 | 2,036 | 1,985 | (51) |
| 156,140 | 184,640 | 88,572 | (96,068) |
| 1,000 | 1,000 | 8,371 | 7,371 |
| 87,931 | 87,931 | 86,967 | (964) |
| <u>7,074,782</u> | <u>7,084,416</u> | <u>6,473,100</u> | <u>(611,316)</u> |
| 2,862,191 | 2,898,170 | 2,810,033 | 88,137 |
| 627,252 | 677,145 | 581,494 | 95,651 |
| 1,341,784 | 1,341,784 | 1,295,173 | 46,611 |
| 498,450 | 537,355 | 442,410 | 94,945 |
| 530,674 | 1,483,426 | 1,284,433 | 198,993 |
| 579,935 | 579,935 | 572,877 | 7,058 |
| 302,563 | 302,563 | 239,408 | 63,155 |
| <u>6,742,849</u> | <u>7,820,378</u> | <u>7,225,828</u> | <u>594,550</u> |
| 331,933 | (735,962) | (752,728) | (16,766) |
| 98,230 | 100,730 | 100,730 | 0 |
| (5) | (5) | (5) | 0 |
| 430,158 | (635,237) | (652,003) | (16,766) |
| 2,971,932 | 2,971,932 | 2,971,932 | 0 |
| 671,632 | 671,632 | 671,632 | 0 |
| <u>\$4,073,722</u> | <u>\$3,008,327</u> | <u>\$2,991,561</u> | <u>(\$16,766)</u> |

City of Ravenna, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended December 31, 2001

| Increase (Decrease) in Cash and Cash Equivalents | Enterprise | Internal Service | Total (Memorandum Only) |
|---|---------------------------|---------------------|-------------------------------|
| Cash Flows From Operating Activities | | | |
| Cash Received From Customers | \$4,102,597 | \$0 | \$4,102,597 |
| Cash Payments from Quasi-External Transactions with Other Funds | 0 | 1,311,366 | 1,311,366 |
| Cash Payments to Suppliers for Materials and Supplies | (765,371) | 0 | (765,371) |
| Cash Payments for Employee Services and Benefits | (2,810,033) | 0 | (2,810,033) |
| Cash Payments for Contractual Services | (500,351) | (16,193) | (516,544) |
| Cash Payments for Claims | 0 | (1,295,173) | (1,295,173) |
| Other Operating Revenues | 86,967 | 0 | 86,967 |
| <i>Net Cash Provided by Operating Activities</i> | <u>113,809</u> | <u>0</u> | <u>113,809</u> |
| Cash Flows from Noncapital Financing Activities | | | |
| Municipal Income Tax | 839,676 | 0 | 839,676 |
| Transfers In | 100,730 | 0 | 100,730 |
| Transfers Out | (5) | 0 | (5) |
| <i>Net Cash Provided by Noncapital Financing Activities</i> | <u>940,401</u> | <u>0</u> | <u>940,401</u> |
| Cash Flows From Capital and Related Financing Activities | | | |
| Acquisition of Capital Assets | (499,726) | 0 | (499,726) |
| Sale of Fixed Assets | 8,371 | 0 | 8,371 |
| Tap-In Fees | 33,566 | 0 | 33,566 |
| Special Assessments | 1,985 | 0 | 1,985 |
| Capital Grants | 88,572 | 0 | 88,572 |
| Principal Paid on Capital Lease | (25,602) | 0 | (25,602) |
| Principal Paid on OWDA Loans | (250,346) | 0 | (250,346) |
| Principal Paid on OPWC Loans | (38,985) | 0 | (38,985) |
| Principal Paid on Revenue Bonds | (265,000) | 0 | (265,000) |
| Interest Paid on Capital Lease | (4,197) | 0 | (4,197) |
| Interest Paid on OWDA Loans | (185,968) | 0 | (185,968) |
| Interest Paid on Revenue Bonds | (112,398) | 0 | (112,398) |
| <i>Net Cash Used for Capital and Related Financing Activities</i> | <u>(1,249,728)</u> | <u>0</u> | <u>(1,249,728)</u> |
| Cash Flows from Investing Activities | | | |
| Sale of Securities | 1,168,151 | 0 | 1,168,151 |
| Purchase of Securities | (1,119,024) | 0 | (1,119,024) |
| Interest | 23,017 | 0 | 23,017 |
| <i>Net Cash Provided by Investing Activities</i> | <u>72,144</u> | <u>0</u> | <u>72,144</u> |
| <i>Net Decrease in Cash and Cash Equivalents</i> | (123,374) | 0 | (123,374) |
| <i>Cash and Cash Equivalents Beginning of Year</i> | <u>3,645,199</u> | <u>0</u> | <u>3,645,199</u> |
| <i>Cash and Cash Equivalents End of Year</i> | <u><u>\$3,521,825</u></u> | <u><u>\$0</u></u> | <u><u>\$3,521,825</u></u> |

(continued)

City of Ravenna, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types (continued)
For the Year Ended December 31, 2001

| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities | <u>Enterprise</u> | <u>Internal Service</u> | <u>Total (Memorandum Only)</u> |
|---|-------------------------|-----------------------------|--|
| <i>Operating Income (Loss)</i> | <u>(\$802,232)</u> | <u>\$10,185</u> | <u>(\$792,047)</u> |
| Adjustments: | | | |
| Depreciation | 816,661 | 0 | 816,661 |
| (Increase)/Decrease in Assets: | | | |
| Accounts Receivable | 17,403 | 0 | 17,403 |
| Intergovernmental Receivable | 26,625 | 0 | 26,625 |
| Materials and Supplies Inventory | 12,345 | 0 | 12,345 |
| Prepaid Items | 974 | 0 | 974 |
| Increase/(Decrease) in Liabilities: | | | |
| Accounts Payable | 77,460 | 0 | 77,460 |
| Accrued Wages | 8,996 | 0 | 8,996 |
| Compensated Absences Payable | (23,822) | 0 | (23,822) |
| Intergovernmental Payable | (20,601) | 0 | (20,601) |
| Claims Payable | <u>0</u> | <u>(10,185)</u> | <u>(10,185)</u> |
| <i>Total Adjustments</i> | <u>916,041</u> | <u>(10,185)</u> | <u>905,856</u> |
| <i>Net Cash Provided by Operating Activities</i> | <u><u>\$113,809</u></u> | <u><u>\$0</u></u> | <u><u>\$113,809</u></u> |

Noncash Capital Financing Activities:

Fair market value of investments decreased from the beginning of the year to the end of the year by \$49,175.

See accompanying notes to the general purpose financial statements

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City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

Note 1 - Reporting Entity and Basis of Presentation

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

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. The primary government provides the following services to its citizens: 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; or the City is obligated for the debt of the organizations. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. There are no component units included as part of this report.

The City participates in the Metro Critical Response and Rescue Team which is defined as jointly governed organization. A jointly governed organization is managed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility on the part of the participating governments. This organization is discussed in Note 17.

The City participates in the Maple Grove Union Cemetery which is defined as a joint venture. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. This organization is discussed in Note 18.

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.

B. 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, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

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. Each category in turn, is divided into separate "fund types." The City uses the following fund types and account groups:

Governmental Fund Types - Governmental funds are those through which most governmental functions are typically financed. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities (except for those accounted for in proprietary funds) generally are 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 asset. 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 financial 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, Ohio
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For The Year Ended December 31, 2001

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 only utilizes agency funds. The City's agency 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.

Note 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 governmental 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 prior to 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. Measurement Focus and Basis of Accounting

The accounting and financial 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. The statement of revenues, expenditures and changes in fund balances presents increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) of 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 operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

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. The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned; revenue from property taxes is recognized in the year for which the taxes are levied; (See Note 7) and revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes, interest, grants, fees and rentals.

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

Property taxes for which there is an enforceable legal claim as of December 31, 2001, but which were levied to finance year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The 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 related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

B. 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 the agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the department level for the general fund and at the fund level for all other funds. Any budgetary modifications at those 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.

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 as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported on the budgetary statements as final budgeted amounts reflect the amounts in the final amended official certificate of estimated resources issued during 2001.

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 department level in the general fund and at the fund level for all other funds. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations may not exceed current estimated resources, as certified. The allocation of appropriations among departments within the general fund and within all other funds may be modified during the year only by an ordinance of Council. The Director of Finance is authorized to transfer appropriations between line items within an object of any department. During the year, several supplemental appropriation measures were passed. None of these supplemental appropriations had any significant affect on the original appropriations. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts, including all amendments and modifications passed by Council.

City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

Encumbrances As part of formal budgetary control, purchase 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 at the legal level of control. 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.

C. 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 the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

The City utilizes a financial institution to service general obligation bonded debt as principal and interest come due. The balance of 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."

During the year, the City's 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 deposit 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, 2001.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2001 amounted to \$393,553, which includes \$234,222 assigned from other City funds.

City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

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.

D. 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.”

E. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are 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.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and expenditure is reported in the year in which services are consumed.

G. 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.

H. Bond Issuance Costs

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

I. 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, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

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 is computed using the straight-line method over an estimated useful life. The lives used are as follows:

| 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 2001, interest costs incurred on construction projects in the proprietary funds were not material.

J. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants on contributions from developers, customers or other funds from 1993 through 2000. In 2001, as a result of implementing GASB Statement No. 33, capital contributions received during 2001 are reported as revenue on the operating statements and included in retained earnings.

K. 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.

City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

L. Interfund Transactions

During the normal course of operations, the City has transactions between funds. Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring and nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. 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 employer 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.

N. Reserves and Contributed Capital

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 prior to 2001. A determination of the amount of contributed capital received prior to 1993 has not been made. Capital contributions received in 2001 have been recorded as revenues and are reported as increases in retained earnings based on new guidelines established by GASB Statement 33, "Accounting and Reporting for Nonexchange Transactions".

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.

City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

O. Estimates

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

P. 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 the aggregation of this data.

Note 3 – Restatement of Prior Year’s Fund Equity

For 2001, the City has implemented GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions,” and GASB Statement No. 36, “Recipient Reporting for Certain Shared Nonexchange Revenues.” GASB Statements No. 33 and 36 establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or modified accrual basis of accounting is required. For revenue recognition to occur on the modified accrual basis, however, the criteria established for accrual basis revenue recognition must be met and the revenue must be available. The provisions of Statement No. 33 also require that capital contributions to proprietary funds be recognized as revenues beginning in 2001. The changes in accounting principles had the following effect on fund balance/retained earnings at December 31, 2000:

| | General | Special Revenue | Enterprise |
|---|-------------|--------------------|--------------|
| Fund Balances, December 31, 2000 | \$3,408,732 | \$5,613,105 | \$14,991,487 |
| GASB 33 and 36 application to Intergovernmental Receivable | 45,004 | 4,123 | 58,692 |
| Adjusted Fund Balance, December 31, 2000 | \$3,453,736 | \$5,617,228 | \$15,050,179 |

City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

Note 4 – Fund Accountability

The following funds had deficit fund balances/retained earnings as of December 31, 2001:

| <u>Fund Name</u> | <u>Amount of Deficit</u> |
|-------------------------------|--------------------------|
| Special Revenue Fund: | |
| SAFE Community Fund | \$10,211 |
| DUI Task Force | 15,934 |
| Internal Service Fund: | |
| Group Hospitalization Reserve | 68,975 |

The deficits in the SAFE Community Grant and DUI Task Force 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.

Note 5 - 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 meaningful 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. Encumbrances are treated as expenditures for all funds (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).

City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

5. The trustee account set up in accordance with the indenture agreements and included on the financial statements (GAAP) is not part of the entity for which the appropriated budget is adopted (budget).

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 Expenditures and Other Financing Uses
All Governmental Fund Types

| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> |
|---|-------------------------|----------------------------|-----------------------------|
| GAAP Basis | \$164,252 | \$148,836 | \$260,736 |
| Net Adjustments for Revenue Accruals | (96,565) | (81,668) | 15,975 |
| Advance In | 66,900 | 35,572 | 0 |
| Repayments of Loans | 0 | 80,519 | 0 |
| Proceeds of Notes | 575,000 | 0 | 0 |
| Net Adjustment for Expenditure Accruals | 2,380 | (43,247) | (545) |
| Advance Out | (83,913) | (18,559) | 0 |
| New Loans | 0 | (39,472) | 0 |
| Encumbrances | <u>(32,643)</u> | <u>(6,348)</u> | <u>(256,656)</u> |
| Budget Basis | <u><u>\$595,411</u></u> | <u><u>\$75,633</u></u> | <u><u>\$19,510</u></u> |

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

| | <u>Enterprise</u> | <u>Internal Service</u> |
|---|---------------------------|-----------------------------|
| GAAP Basis | (\$103,881) | \$10,185 |
| Net Adjustments to Revenue Accruals | 100,649 | 0 |
| Net Adjustments to Expense Accruals | 187,161 | (10,185) |
| Capital Outlay | (499,726) | 0 |
| Depreciation Expense | 816,661 | 0 |
| Debt Principal Retirement | (572,877) | 0 |
| Loss on the Disposal of Fixed Assets | (51,264) | 0 |
| Non-budgeted Activity of Trustee Accounts | (48) | 0 |
| Encumbrances | <u>(528,678)</u> | <u>0</u> |
| Budget Basis | <u><u>(\$652,003)</u></u> | <u><u>\$0</u></u> |

City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

Note 6 - 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, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

6. The State Treasurer's investment pool (STAROhio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments must 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 finance director or, if the securities are not represented by certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of custodial credit risk as defined in GASB Statement 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 \$109,844 and the bank balance was \$269,346. Of the bank balance:

1. \$100,000 was covered by federal depository insurance.
2. \$169,346 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 Investments are classified under guidelines of GASB Statement No. 3 into three categories. 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 an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

| | Category 3 | Carrying Value | Fair Value |
|--------------------------|------------------|---------------------|---------------------|
| U.S. Treasury Notes | \$427,730 | \$427,730 | \$427,730 |
| STAROhio | 0 | 10,742,057 | 10,742,057 |
| Total Investments | \$427,730 | \$11,169,787 | \$11,169,787 |

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 | \$10,851,901 | \$427,730 |
| STAROhio | (10,742,057) | 10,742,057 |
| GASB Statement No. 3 | \$109,844 | \$11,169,787 |

Note 7 - Receivables

Receivables at December 31, 2001, consisted primarily of municipal income taxes, property taxes, accounts (billings for user charged services including unbilled utility services), special assessments, 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 2001 for real and public utility property taxes represents collections of 2000 taxes. Property tax payments received during 2001 for tangible personal property (other than public utility property) are for 2001 taxes.

2001 real property taxes are levied after October 1, 2001 on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2001 real property taxes are collected in and intended to finance 2002.

City of Ravenna, Ohio
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For The Year Ended December 31, 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. 2001 public utility property taxes become a lien December 31, 2000, are levied after October 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after October 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 2001, 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 | \$152,003,610 |
| Tangible Personal Property | 32,512,318 |
| Public Utility Property | <u>5,672,860</u> |
| Total | <u><u>\$190,188,788</u></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 collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next 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 2001 operations. The receivable is offset by deferred revenue.

B. Intergovernmental

A summary of intergovernmental receivables as of December 31, 2001, follows:

City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

General Fund:

| | |
|---|----------------|
| Local Government | \$301,261 |
| Homestead and Rollback | 56,930 |
| Local Government Revenue Assistance | 53,075 |
| Estate Tax | 39,466 |
| County Auditor Municipal Court Ordinance Fees | 7,844 |
| <i>Total General Fund</i> | <u>458,576</u> |

Special Revenue Funds:

| | |
|------------------------------------|----------------|
| Street Maintenance and Repair | 203,964 |
| State Highway | 11,425 |
| DARE | 11,664 |
| Education and Enforcement | 125 |
| EMS | 9,612 |
| SAFE Communities | 74,268 |
| COPS | 35,876 |
| DUI Task Force | 97,455 |
| Recycling | 12,500 |
| <i>Total Special Revenue Funds</i> | <u>456,889</u> |

Enterprise Fund:

| | |
|--------------|---------------------------|
| Sewer | <u>689,027</u> |
| Total | <u><u>\$1,604,492</u></u> |

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, 2001 is \$626,527. 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.

C. Income Taxes

The City levies a municipal income tax of 1.8 percent on substantially all income earned within the City. In addition, City residents are required to pay tax on income earned outside of the City. The City allows a credit of 100 percent for income tax paid to another municipality, not to exceed 1.8 percent of taxable income.

Employers within the City are required to withhold income tax on employee compensation and 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. By City ordinance, 45.64 percent of the annual income tax proceeds were credited to the general fund, 8.17 percent to street construction,

City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

maintenance and repair, 5.56 percent to recreation levy, and 4.45 percent is credited to emergency management services special revenue funds, 2.78 percent to park improvement and 14.45 percent to capital improvements capital projects fund and 16.79 percent to water enterprise fund.

Note 8 – Interfund Transactions

Interfund balances at December 31, 2001, consist of the following interfund receivables and payables:

| | Receivable | Payable |
|---|------------------|------------------|
| <i>General Fund</i> | \$217,072 | \$0 |
| <i>Special Revenue Funds</i> | | |
| EMS | 0 | 1,130 |
| SAFE Communities | 0 | 13,918 |
| COPS | 0 | 3,990 |
| DUI Task Force | 0 | 16,534 |
| <i>Total Special Revenue Funds</i> | 0 | 35,572 |
| <i>Capital Projects</i> | | |
| Capital Improvements | 0 | 181,500 |
| Total | \$217,072 | \$217,072 |

Note 9 - Fixed Assets

During 2001, the City re-evaluated the classification of fixed assets. A summary of changes in general fixed assets at December 31, 2001, were as follows:

| | Balance 12/31/00 | Reclassification Adjustments | Additions | Deductions | Balance 12/31/01 |
|---------------------------|---------------------|---------------------------------|--------------------|--------------------|---------------------|
| Land | \$791,081 | \$814 | \$0 | \$0 | \$791,895 |
| Buildings Improvements | 1,548,225 | 78,816 | 200,000 | 0 | 1,827,041 |
| Other Than Buildings | 567,641 | (149,531) | 97,905 | 0 | 516,015 |
| Equipment | 2,027,182 | 81,718 | 310,193 | (265,088) | 2,154,005 |
| Vehicles | 2,046,563 | (11,817) | 734,671 | (288,517) | 2,480,900 |
| Total | \$6,980,692 | \$0 | \$1,342,769 | (\$553,605) | \$7,769,856 |

City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
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A summary of the enterprise funds' property, plant, and equipment at December 31, 2001, follows:

| | |
|-----------------------------------|--------------|
| Land | \$989,008 |
| Buildings | 16,130,358 |
| Improvements Other than Buildings | 1,083,026 |
| Equipment | 3,659,736 |
| Vehicles | 384,828 |
| Infrastructure | 10,957,461 |
| Construction In Progress | 9,108 |
| Total | 33,213,525 |
| Less: Accumulated Depreciation | (14,077,485) |
| Net Fixed Assets | \$19,136,040 |

Note 10 - Risk Management

The City of Ravenna 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 2001, the City contracted with two companies for various types of insurance as follows:

| <u>Company</u> | <u>Type of Coverage</u> | <u>Coverage</u> |
|--------------------|---|-----------------|
| Clarendon National | Umbrella Liability | \$5,000,000 |
| | General Liability | 2,000,000 |
| | Law Enforcement Liability - each person, each wrongful act | 1,000,000 |
| | Public Officials Liability | 1,000,000 |
| | Auto Liability | 1,000,000 |
| | Commercial Property | 32,908,961 |
| Ohio Casualty | Bonds - Employees and Officials | 100,000 |

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

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 \$68,975 reported in the fund at December 31, 2001, 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.

City of Ravenna, Ohio
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For The Year Ended December 31, 2001

Changes in the fund's claims liability amount in 2001, 2000 and 1999 were:

| | <u>Balance at Beginning of Year</u> | <u>Current Year Claims</u> | <u>Claim Payments</u> | <u>Balance at End of Year</u> |
|------|---|------------------------------------|---------------------------|---------------------------------------|
| 2001 | \$79,160 | \$1,284,988 | \$1,295,173 | \$68,975 |
| 2000 | 67,641 | 985,112 | 973,593 | 79,160 |
| 1999 | 93,196 | 825,956 | 851,511 | 67,641 |

Note 11 - Long-term Obligations

Changes in long-term obligations of the City during 2001 were as follows:

| | <u>Outstanding 12/31/00</u> | <u>Additions</u> | <u>(Reductions)</u> | <u>Outstanding 12/31/01</u> |
|---|---------------------------------|------------------|---------------------|---------------------------------|
| <i>Enterprise Fund Obligations</i> | | | | |
| <i>Mortgage Revenue Bond</i> | | | | |
| Waterworks System Revenue - \$3,315,000 | | | | |
| 1999 Refunding Bonds 3.50-4.35% | \$2,765,000 | \$0 | (\$265,000) | \$2,500,000 |
| Unamortized Discount | (18,885) | 2,098 | 0 | (16,787) |
| Net Water Refunding Bonds | <u>2,746,115</u> | <u>2,098</u> | <u>(265,000)</u> | <u>2,483,213</u> |
| <i>Ohio Public Works Commission Loans</i> | | | | |
| 1993 East Side Water Improvement | | | | |
| \$197,100 0% | 39,420 | 0 | (19,710) | 19,710 |
| 1994 Lakewood Road Waterline | | | | |
| \$168,327 0% | 126,245 | 0 | (5,608) | 120,637 |
| 1994 Cotton Corners Waterline | | | | |
| \$112,173 0% | 78,521 | 0 | (8,417) | 70,104 |
| 2000 Hayes Road Waterline | | | | |
| \$69,190 0% | 64,000 | 0 | (3,459) | 60,541 |
| 2000 Highland Avenue Reconstruction | | | | |
| \$34,642 0% | 34,642 | 1,181 | (1,791) | 34,032 |
| <i>Total OPWC Loans</i> | <u>342,828</u> | <u>1,181</u> | <u>(38,985)</u> | <u>305,024</u> |
| <i>Ohio Water Development Loan</i> | | | | |
| 1993 OWDA Phase II - \$5,476,391 5.0% | 3,781,178 | 0 | (250,346) | 3,530,832 |
| Capital Lease Obligations | <u>80,862</u> | <u>0</u> | <u>(25,602)</u> | <u>55,260</u> |
| <i>Total Enterprise Fund Obligations</i> | <u>\$6,950,983</u> | <u>\$3,279</u> | <u>(\$579,933)</u> | <u>\$6,374,329</u> |

City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

| | Outstanding 12/31/2000 | Additions | (Reductions) | Outstanding 12/31/2001 |
|--|---------------------------|------------------|--------------------|---------------------------|
| General Long-Term Obligations | | | | |
| General Obligation Bonds | | | | |
| 1993 Street Improvement 3.5 - 6.3% \$995,000 | \$760,000 | \$0 | (\$40,000) | \$720,000 |
| 1994 Street Improvement 4.2 - 6.35% \$171,514 | 137,644 | 0 | (6,351) | 131,293 |
| <i>Total General Obligation Bonds</i> | <u>897,644</u> | <u>0</u> | <u>(46,351)</u> | <u>851,293</u> |
| <i>Special Assessment Bonds</i> | | | | |
| 1994 Street Improvement 4.2 - 6.35% \$638,486 | 512,356 | 0 | (23,649) | 488,707 |
| Capital Lease Obligations | 79,880 | 352,898 | (41,084) | 391,694 |
| Judgements Payable | 59,279 | 0 | (59,279) | 0 |
| Intergovernmental Payable | 159,656 | 184,209 | (159,656) | 184,209 |
| Fire Pension | 112,331 | 0 | (1,481) | 110,850 |
| Compensated Absences | 566,369 | 222,509 | (76,571) | 712,307 |
| Total General Long-Term Obligations | <u>2,387,515</u> | <u>759,616</u> | <u>(408,071)</u> | <u>2,739,060</u> |
| Total All Types | <u>\$9,338,498</u> | <u>\$762,895</u> | <u>(\$988,004)</u> | <u>\$9,113,389</u> |

| | Waterworks Refunding Bond | Ohio Public Works Commission | Ohio Water Development Authority | General Obligation Bonds | Special Assessment Bonds | Fire Pension |
|---------------------------------|---------------------------------|------------------------------------|--|--------------------------------|--------------------------------|------------------|
| 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 | 377,260 | 21,006 | 436,315 | 101,510 | 55,311 | 6,239 |
| 2007-2011 | 1,120,080 | 105,029 | 2,181,572 | 496,592 | 278,737 | 31,195 |
| 2012-2016 | 0 | 66,357 | 218,158 | 210,369 | 169,001 | 31,175 |
| 2017-2021 | 0 | 8,898 | 0 | 0 | 0 | 31,305 |
| 2022-2026 | 0 | 0 | 0 | 0 | 0 | 31,195 |
| 2027-2031 | 0 | 0 | 0 | 0 | 0 | 31,195 |
| 2032-2035 | 0 | 0 | 0 | 0 | 0 | 21,554 |
| Total Principal and Interest | <u>2,993,290</u> | <u>305,024</u> | <u>4,581,305</u> | <u>1,215,008</u> | <u>729,044</u> | <u>208,814</u> |
| Less: Interest | <u>(493,290)</u> | <u>0</u> | <u>(1,050,473)</u> | <u>(363,715)</u> | <u>(240,337)</u> | <u>(97,964)</u> |
| Total | <u>\$2,500,000</u> | <u>\$305,024</u> | <u>\$3,530,832</u> | <u>\$851,293</u> | <u>\$488,707</u> | <u>\$110,850</u> |

City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

The waterworks mortgage revenue bond will be paid from municipal income tax revenues collected and receipted in the water enterprise fund. Water enterprise fund user service 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 benefited 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 judgment liability represents amounts owed to the Ravenna Township for the upkeep of a cemetery. The City made their final payment of \$59,279 in 2001 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, capital projects and enterprise 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, 2001, \$2,500,000 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.

The water refunding bonds, series 1999, had a balance at December 31, 2001 of \$2,483,213, net of unamortized discount.

The City's overall legal debt margin was \$20,821,122 at December 31, 2001.

Note 12 – Notes Payable

On November 1, 2001, the City of Ravenna issued a \$575,000 bond anticipation note for 2.55 percent in the general fund. The note matures on November 1, 2002. The note was issued for municipal building improvements to the Armory and will be rolled into bonds in November 2002.

The note is backed by the full faith and credit of the City and matures within one year. The note liability is reflected in the fund which received the proceeds.

City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

Note 13 - Capital Leases

In prior years, the City entered into capitalized leases for the acquisition of copy machines and emergency 911 equipment. In 2001, the City entered into a new lease for a fire engine. 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, 2001:

| | General | |
|---------------------------------------|-------------------------|-------------------------|
| | <u>Fixed Assets</u> | <u>Enterprise</u> |
| Equipment | \$459,191 | \$180,000 |
| <i>Less: Accumulated Depreciation</i> | <u>0</u> | <u>(36,000)</u> |
| Carrying Value | <u><u>\$459,191</u></u> | <u><u>\$144,000</u></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, 2001:

| | General | |
|---|-------------------------|------------------------|
| | <u>Long-Term</u> | <u>Enterprise Fund</u> |
| | <u>Obligations</u> | <u>Obligations</u> |
| <u>Year</u> | | |
| 2002 | \$79,737 | \$29,799 |
| 2003 | 66,148 | 29,799 |
| 2004 | 46,511 | 0 |
| 2005 | 46,510 | 0 |
| 2006 | 43,836 | 0 |
| 2007 - 2011 | 216,507 | 0 |
| 2012 | <u>43,301</u> | <u>0</u> |
| Total | 542,550 | 59,598 |
| <i>Less: Amount representing interest</i> | <u>(150,856)</u> | <u>(4,338)</u> |
| Present Value of Minimum Payments | <u><u>\$391,694</u></u> | <u><u>\$55,260</u></u> |

City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

Note 14 – 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, 2001, the liability for unpaid compensated absences was \$1,142,616 for the entire City.

Note 15 - Defined Benefit Pension Plans

A. Public Employees Retirement

All full-time employees, other than non-administrative full-time police officers and firefighters, 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 financial 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. The 2001 employer pension contribution rate for the City was 9.25 percent of covered payroll, increased from 6.54 percent in 2000. For 2000, PERS instituted a temporary employer rate rollback for State and local governments. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2001, 2000, and 1999 were \$353,514, \$233,549 and \$332,915, respectively. The full amount has been contributed for 2000 and 1999. 76.71 percent has been contributed for 2001, with the remainder being reported as a liability in the general long-term obligations account group.

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 the 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.

City of Ravenna, Ohio
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For The Year Ended December 31, 2001

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 percent for police and 16.5 percent for firefighters. For 2000, the City contributions were 12.25 percent for police and 16.75 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$150,580 and \$161,573 for the year ended December 31, 2001, \$192,090 and \$104,598 for the year ended December 31, 2000 and \$128,677 and \$139,197 for the year ended December 31, 1999. The full amount has been contributed for 2000 and 1999. 77.23 and 76.53 percent, respectively, have been contributed for 2001, with the remainder being reported as a liability in 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, 2001 the unfunded liability of the City was \$110,850 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.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System or the Police and Fire Pension Fund are covered by Social Security. As of December 31, 1998, the City's volunteer firefighters are covered by Social Security. The City's liability is 6.2 percent of wages paid.

Note 16 – 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 retirees 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 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 authority granted by State statute. The 2001 employer contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2001. For 2000, the contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2000, 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.

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.

City of Ravenna, Ohio
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For The Year Ended December 31, 2001

The number of active contributing participants was 411,076. The City's actual contributions for 2001 which were used to fund postemployment benefits were \$164,336. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2000, (the latest information available) were \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$14,364.6 million and \$2,628.7 million, respectively.

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 school 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 costs 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 7.5 percent of covered payroll was applied to the postemployment health care program during 2001. For 2000 the percent used to fund healthcare was 7.25 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 2001 that were used to fund postemployment benefits were \$84,235 for police and \$66,530 for fire. The OP&F's total health care expense for the year ended December 31, 2000, (the latest information available) was \$106,160,054, which was net of member contributions of \$5,657,431. The number of OP&F participants eligible to receive health care benefits as of December 31, 2000, was 12,853 for police and 10,037 for firefighters.

Note 17 - 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 is 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 2001, the City contributed \$6,008, which represents 4.94 percent of the total contribution.

City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

Note 18 - 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 2001 was 61.93 percent. During 2001, \$96,334 was paid by the City for operating and capital expenses. Complete financial statements may be obtained from the Maple Grove Union Cemetery, Ravenna, Ohio.

Note 19 - 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, 2001:

| | Water Fund | Sewer Fund | Total |
|------------------------------|---------------|---------------|-------------|
| Operating Revenue | \$2,052,788 | \$2,092,748 | \$4,145,536 |
| Depreciation Expense | 539,194 | 277,467 | 816,661 |
| Operating Income (Loss) | (543,841) | (258,391) | (802,232) |
| Municipal Income Tax Revenue | 809,917 | 0 | 809,917 |
| Fixed Assets: | | | |
| Additions | 471,820 | 27,906 | 499,726 |
| Deletions | (22,226) | (29,038) | (51,264) |
| Net Working Capital | 1,902,171 | 1,094,814 | 2,996,985 |
| Total Assets | 15,874,355 | 8,640,141 | 24,514,496 |
| Long-Term Liabilities | 2,796,786 | 3,586,092 | 6,382,878 |
| Total Equity | 12,805,720 | 4,078,823 | 16,884,543 |
| Encumbrances | 211,588 | 317,090 | 528,678 |

City of Ravenna, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

Note 20 - Contractual Commitments

As of December 31, 2001, the City had contractual commitments for the following projects:

| | <u>Contractual Commitments</u> | <u>Expended</u> | <u>Balance 12/31/2001</u> |
|-------------------------------|------------------------------------|------------------|-------------------------------|
| Prospect ST. Bridge Design | \$90,337 | \$90,337 | \$0 |
| Highland Water Reconstruction | 149,000 | 149,000 | 0 |
| Kent/Ravenna Water Line | 131,250 | 79,384 | 51,866 |
| Waste Water Expansion | 989,180 | 20,875 | 968,305 |
| Totals | <u>\$1,359,767</u> | <u>\$339,596</u> | <u>\$1,020,171</u> |

Note 21 - 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, 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, 2001

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.

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**CITY OF RAVENNA
PORTAGE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001**

| Federal Grantor/ Pass Through Grantor Program Title | Pass Through Entity Number | Federal CFDA Number | Disbursements |
|---|----------------------------------|---------------------------|------------------|
| <u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u> | | | |
| <i>Passed Through Ohio Department of Aging:</i> | | | |
| Special Program for the Aging - Title III, Part B (Aging Cluster) | None | 93.044 | \$4,000 |
| Total U.S. Department of Health and Human Services | | | 4,000 |
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u> | | | |
| <i>Passed Through Ohio Department of Development:</i> | | | |
| Community Development Block Grants | | | |
| Community Development Block Grant Funds (CDBG) | AC-00-168-1 | 14.228 | 75,000 |
| Community Development Block Grant Formula Program | AF-99-168-1 | 14.228 | 12,936 |
| | AF-00-168-1 | 14.228 | 77,000 |
| Community Development Block Grant Econ Dev Program | AE-99-168-1 | 14.228 | 7,571 |
| | | | 172,507 |
| Community Housing Improvement Program (CHIP) | AC-97-168-2 | 14.239 | 14,393 |
| Home Improvement Partnerships Program (HOME) | AC-00-168-2 | 14.239 | 418,536 |
| | | | 432,929 |
| Total U.S. Department of Housing & Urban Development | | | 605,436 |
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | |
| <i>Passed Through the Bureau of Justice Assistance:</i> | | | |
| Federal Local Law Enforcement Block Grant | 2001-LB-BX-0435 | 16.592 | 17,844 |
| Bulletproof Vest Partnership 2001 | None | 16.607 | 1,200 |
| Total passed through the Bureau of Justice Assistance | | | 19,044 |
| <i>Passed Through the Office of Community Oriented Policing Services:</i> | | | |
| Cops Drug Task Force Part-time 99-02 | 95-CF-WX-1504 | 16.710 | 17,123 |
| Cops Safe Schools 99-02 | 1999SHWX0542 | 16.710 | 24,678 |
| Total passed through the Office of Community Oriented Policing Services | | | 41,801 |
| Total U.S. Department of Justice | | | 60,845 |
| <u>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u> | | | |
| <i>Passed Through the Ohio Department of Public Safety:</i> | | | |
| <i>Highway Safety Cluster</i> | | | |
| Operation Slow Down Program 00-01 | 2000-PT-N/1 | 20.600 | 25,851 |
| Operation Slow Down Program 01-02 | 2000-PT-N/1 | 20.600 | 3,706 |
| Safe Communities 00-01 | 2001-SA-N/1 | 20.600 | 43,599 |
| Safe Communities 01-02 | 2001-SA-N/1 | 20.600 | 10,211 |
| Total Highway Safety Cluster | | | 83,367 |
| DUI Task Force | 2002-4AF | 20.164 | 15,334 |
| Total National Highway Traffic Safety Administration | | | 98,701 |
| Total Federal Financial Assistance | | | \$768,982 |

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

**CITY OF RAVENNA
PORTAGE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001**

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 create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate 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 (ODOD). The City did not receive any new revolving money during the audit period and there were not any initial loan of CDBG funds to be 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 the Uniform Commercial Code, and by inventory. At December 31, 2001, the gross amount of loans outstanding under this program was \$3,914,906.

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 OF INDEPENDENT ACCOUNTANTS 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 City of Ravenna, Ohio, Portage County (the City) as of and for the year ended December 31, 2001, and have issued our report thereon dated June 20, 2002 which disclosed a change in accounting principle. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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*. However, we noted a certain immaterial instance of noncompliance that we have reported to the management of the City in a separate letter dated June 20, 2002.

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 the management of the City in a separate letter dated June 20, 2002.

City of Ravenna
Portage County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end of the last name.

Jim Petro
Auditor of State

June 20, 2002



STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS 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, 2001. 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 auditing standards generally accepted in the United States of America; 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, 2001.

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 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large loop at the end of the name.

Jim Petro
Auditor of State

June 20 2002

**CITY OF RAVENNA
PORTAGE COUNTY**

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2002

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|--|--|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unqualified |
| <i>(d)(1)(ii)</i> | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported material non-compliance at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iv)</i> | Were there any material internal control weakness conditions reported for major federal programs? | No |
| <i>(d)(1)(iv)</i> | Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unqualified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under § .510? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | Community Development Block Grant (CDBG) -- # 14.239 |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A\B Programs | Type A: > \$ 300,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee? | Yes |

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

| | |
|----------------|------------------------------|
| Finding Number | N/A – No finding is reported |
|----------------|------------------------------|

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

| | |
|----------------|------------------------------|
| Finding Number | N/A – No finding is reported |
|----------------|------------------------------|



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OFFICE OF THE AUDITOR

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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 11, 2002**