



Mary Taylor, CPA
Auditor of State

**RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ravenna City School District, Portage County, Ohio (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ravenna City School District, Portage County, Ohio, as of June 30, 2007, and the respective changes in financial position and budgetary comparison for the General for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 20, 2008

Ravenna City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

The discussion and analysis of the Ravenna City School District's (the School District's) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for 2007 are as follows:

- ❑ General Revenues accounted for approximately \$27.9 million in revenue or 62 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions and capital grants accounted for approximately \$17.0 million or 38 percent of total revenues of \$44.9 million.
- ❑ Total program expenses were \$30.6 million in Governmental Activities.
- ❑ In total, net assets of Governmental Activities increased approximately \$14.3 million.
- ❑ Outstanding Long-Term Debt increased from \$19.1 million to \$20.6 million.
- ❑ Capital Assets increased from \$6.5 million to \$7.8 million.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* excluding fiduciary funds using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the School District activities are listed as Governmental:

- ❑ Governmental Activities – All of the School District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation, food service operation and extracurricular activities.

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Management's Discussion and Analysis
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Unaudited

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental funds are the general fund, the classroom facilities capital project fund and the building capital project fund.

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

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2007 compared to 2006:

(Table 1)
Net Assets

	Governmental Activities	
	2007	2006
Assets		
Current and Other Assets	\$ 46,103,264	\$ 32,180,715
Capital Assets	7,819,001	6,549,170
Total Assets	53,922,265	38,729,885
Liabilities		
Long-Term Liabilities	22,686,098	21,274,313
Other Liabilities	14,965,701	15,439,623
Total Liabilities	37,651,799	36,713,936
Net Assets		
Invested in Capital Assets, Net of Debt	2,450,002	2,329,263
Restricted	15,042,329	1,689,851
Unrestricted (Deficit)	(1,221,865)	(2,003,165)
Total Net Assets	\$ 16,270,466	\$ 2,015,949

Total net assets increased approximately \$14.3 million. The primary factor contributing to the increase in current and other assets (and net assets) was increase in cash of approximately \$8.7 million and an increase in intergovernmental receivables of approximately \$7.4 million, both increases are the result of Ohio School

Ravenna City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Facilities revenues, much of which was unspent at year end, and from the recognition of the balance yet to be received for the project (intergovernmental receivable).

Total liabilities increased approximately \$938,000. A combination of increases and decreases contributed to this increase. The most significant factor that caused this increase was the issuance of general obligation bonds and capital appreciation bonds that totaled approximately \$1.6 million for the construction of a new high school, offset with the decrease in deferred revenue of approximately \$2.2 million, which was the result of delinquent personal property tax account deemed uncollectible in fiscal year 2007 with the availability of new information.

Table 2 shows the changes in net assets for fiscal year 2007 and 2006.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2007	2006
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,651,004	\$ 2,105,656
Operating Grants	2,942,614	3,235,573
Capital Grants	12,390,654	0
<i>General Revenue:</i>		
Property Taxes	12,176,009	14,094,138
Grants and Entitlements, not restricted to specific programs	14,263,682	13,642,208
Investment Earnings	1,034,070	134,498
Miscellaneous	397,468	110,605
<i>Total Revenue</i>	44,855,501	33,322,678
Program Expenses		
Instruction	17,849,322	18,377,394
<i>Support Services:</i>		
Pupil and Instructional Staff	1,954,538	2,007,834
Board of Education, Administration, Fiscal and Business	3,496,851	3,581,862
Operation and Maintenance	2,540,994	2,531,388
Pupil Transportation	1,205,384	1,288,465
Central	542,528	765,847
Operation and Non-Instructional	279,775	299,124
Extracurricular Activities	1,037,795	974,718
Food Service Operations	1,062,182	1,156,948
Interest and Fiscal Charges	631,615	167,127
<i>Total Expenses</i>	30,600,984	31,150,707
<i>Change in Net Assets</i>	14,254,517	2,171,971
Net Assets Beginning of Year	2,015,949	(156,022)
<i>Net Assets End of Year</i>	\$ 16,270,466	\$ 2,015,949

Ravenna City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

The majority of revenues supporting governmental activities are general revenue. General revenue totaled approximately \$27.9 million or 62 percent of total revenue. The most significant portion of the general revenue is local property taxes and grants and entitlements not restricted for specific programs. The remaining amount of revenue received was in the form of program revenues which totaled approximately \$17.0 million or 38 percent of total revenue.

Overall revenue increased approximately \$11.5 million or 34.6 percent over fiscal year 2006. The primary factor contributing to this increase included an increase in capital grants of approximately \$12.9 from the Ohio Schools Facilities Commission for the construction of the new high school.

Program expenses decreased from approximately \$31.2 million in 2006 to approximately \$30.6 million in 2007. As noted in the current issues section, staff reductions are the primary reason for the decrease in expenses.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activity had total revenues of approximately \$44.9 million and expenses of approximately \$30.6 million.

(Table 3)
Governmental Activities

	2007		2006	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 17,849,322	\$ 8,467,519	\$ 18,377,394	\$ 15,333,644
Support Services:				
Pupil and Instructional Staff	1,954,538	1,692,173	2,007,834	1,394,084
Board of Education, Administration				
Fiscal and Business	3,496,851	3,440,256	3,581,862	3,296,862
Operation and Maintenance of Plant	2,540,994	(3,139,712)	2,531,388	2,515,832
Pupil Transportation and Central	1,747,912	1,687,460	2,054,312	2,015,553
Operation of Non-Instructional Services	279,775	18,062	299,124	299,124
Food Service Operations	1,062,182	94,449	1,156,948	105,343
Extracurricular Activities	1,037,795	724,890	974,718	681,909
Interest and Fiscal Charges	631,615	631,615	167,127	167,127
Total	\$ 30,600,984	\$ 13,616,712	\$ 31,150,707	\$ 25,809,478

Total cost of service for 2007 decreased 1.8 percent from 2006. Instruction and Student Support Services comprise 90 percent of governmental program expenses. Significant changes in Net Cost of Services occurred within the Instruction and Operation and Maintenance programs. These changes were the result of revenue recognized for the Ohio School Facilities project in which the expenses have not yet been incurred. The revenue was offset based on future anticipated depreciation expense for the new high school.

Ravenna City School District
Management's Discussion and Analysis
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The dependence upon tax revenues for governmental activities is apparent. Over 44 percent of expenses are not supported by program specific revenues. General revenues, primarily local property taxes and grant and entitlements not restricted to specific programs are used to provide program services. The community, as a whole, is by far the primary supporter for Ravenna City School District students.

The School District's Funds

Information about the School District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of approximately \$39.3 million and expenditures of approximately \$32.1 million. The net change in fund balance for the year was most significant in the Classroom Facilities Project capital project fund, with an increase of approximately \$4.1 million from grant proceeds received during the year which have not yet been spent on construction costs. The General Fund increased of approximately \$3.0 million, primarily from General Electric personal property tax settlement received during the fiscal year.

General Fund Budgeting Highlights

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

During the course of fiscal year 2007, there were minor changes to the School District's total general fund budget. The School District uses site-based budgeting and the budgeting system which are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue was approximately \$30.2 million, \$2.6 million over the original budget estimates of approximately \$27.6 million. The primary cause of this increase was due to an increase in intergovernmental revenues, tax collections and revenues generated through tuition and fees.

The School District revises its appropriations throughout the fiscal year. During fiscal year 2007, no significant fluctuations between original and final budget were noted. Final appropriations of approximately \$25.9 million were \$.1 million higher than the approximately \$25.8 million original budget and \$.1 million above actual fiscal year 2007 expenditures. There were no individually significant events that caused this variance.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2007, the School District had \$7.8 million invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2007 balances compared with 2006 net of depreciation. See Note 9 for more information regarding the capital assets of the School District.

Ravenna City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

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

	Governmental Activities	
	2007	2006
Land	\$ 34,984	\$ 34,984
Construction in Process	1,402,351	0
Land Improvements	2,773,218	2,809,838
Buildings and Improvements	2,984,842	2,988,687
Furniture and Equipment	433,874	439,797
Vehicles	189,732	275,864
Totals	\$ 7,819,001	\$ 6,549,170

The increase in capital assets was attributable to the preliminary costs associated with the construction of the new high school.

Ohio law required school districts to set aside 3% of certain revenues for capital improvements and an additional 3% for textbooks. For fiscal year 2007, this amounted to \$474,424 for each set aside. The School District has qualifying disbursements or offsets exceeding these requirements for capital improvement and textbooks. See Note 22 for additional information.

Long -Term Obligations

At June 30, 2007, the School District had improvement bonds outstanding of \$17,233,534, with \$350,000 due within one year, and a capital lease for a stadium with an outstanding balance of \$3,370,000, with \$170,000 due within one year. During fiscal year 2007, \$190,000 of debt was retired. During fiscal year 2007 School Improvement and Capital Appreciation Bonds were issued totaling over \$1.6 million. The bonds were issued for the construction of a new high school. Table 5 summarizes bonds and lease outstanding. See Note 14 for additional information regarding the long-term obligations of the School District.

Ravenna City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

(Table 5)
Outstanding Long Term Obligations, at June 30

	2007	2006
General Obligation Bonds:		
2003 Energy Conservation	\$ 360,000	\$ 385,000
2006 School Improvement Bond	14,080,000	14,080,000
2007 School Improvement Bond	1,565,000	0
Capital Appreciation Bonds-2006	419,559	419,559
Capital Appreciation Bonds-2007	50,425	0
Premium on Debt Issuance-2006	695,233	720,982
Accretion of Capital Appreciation Bonds 2006	63,317	0
Total General Obligation Bonds	17,233,534	15,605,541
Capital Lease	3,370,000	3,535,000
Total Long Term Obligations	\$20,603,534	\$ 19,140,541

Current Issues

Two things have enhanced the School District's financial stability:

- 1) Staff reductions in line with fewer students over the last few years have reduced operating costs and brought expenditure levels in line with revenue anticipations.
- 2) Payment was received for some delinquent personal property tax from prior years.

In the Spring of 2008, construction of a new \$25,000,000 high school will commence. Should the construction process and the weather both cooperate, it is planned that the new facility will open for classes in late August of 2009.

Contacting the School District's Financial Management

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

Ravenna City School District

Statement of Net Assets

June 30, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 24,634,608
Receivables:	
Accounts	260,257
Taxes	12,428,512
Notes (Net of Allowances)	133,465
Intergovernmental	7,846,232
Accrued Interest	394,153
Deferred Charges	406,037
Nondepreciable Capital Assets	1,437,335
Depreciable Capital Assets (Net)	<u>6,381,666</u>
<i>Total Assets</i>	<u>53,922,265</u>
Liabilities	
Accounts Payable	228,428
Accrued Wages and Benefits	2,447,342
Intergovernmental Payable	1,020,726
Deferred Revenue	11,093,894
Accrued Vacation Leave Payable	53,151
Matured Compensated Absences Payable	122,160
Long Term Liabilities:	
Due Within One Year	701,776
Due In More Than One Year	<u>21,984,322</u>
<i>Total Liabilities</i>	<u>37,651,799</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	2,450,002
Restricted for:	
Debt Service	378,341
Capital Projects	13,576,084
Other Purposes	373,760
Set Asides	180,940
Permanent Fund-Scholarships	
Expendable	444,138
Nonexpendable	89,066
Unrestricted	<u>(1,221,865)</u>
<i>Total Net Assets</i>	<u>\$ 16,270,466</u>

Ravenna City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2007

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities
Governmental Activities					
Current:					
Instruction:					
Regular	\$ 11,506,948	\$ 141,563	\$ 361,311	\$ 6,725,759	\$ (4,278,315)
Special	4,447,704	137,217	1,327,023	0	(2,983,464)
Vocational	413,628	358,938	0	0	(54,690)
Other	1,481,042	0	329,992	0	(1,151,050)
Support Services:					
Pupils	1,177,397	0	0	0	(1,177,397)
Instructional Staff	777,141	0	262,365	0	(514,776)
Board of Education	40,517	0	0	0	(40,517)
Administration	2,544,883	0	10,000	0	(2,534,883)
Fiscal	762,818	0	46,595	0	(716,223)
Business	148,633	0	0	0	(148,633)
Operation and Maintenance of Plant	2,540,994	15,811	0	5,664,895	3,139,712
Pupil Transportation	1,205,384	0	0	0	(1,205,384)
Central	542,528	0	60,452	0	(482,076)
Operation of Non-Instructional Services	279,775	261,713	0	0	(18,062)
Food Service Operations	1,062,182	442,031	525,702	0	(94,449)
Extracurricular Activities	1,037,795	293,731	19,174	0	(724,890)
Interest and Fiscal Charges	631,615	0	0	0	(631,615)
<i>Total Governmental Activities</i>	<u>\$ 30,600,984</u>	<u>\$ 1,651,004</u>	<u>\$ 2,942,614</u>	<u>\$ 12,390,654</u>	<u>(13,616,712)</u>
General Revenues					
Property Taxes Levied for:					
General Purposes					11,276,917
Debt Service					669,046
Capital Outlay					230,046
Grants and Entitlements not					
Restricted to Specific Programs					14,263,682
Investment Earnings					1,034,070
Miscellaneous					397,468
<i>Total General Revenues</i>					<u>27,871,229</u>
<i>Change in Net Assets</i>					14,254,517
<i>Net Assets Beginning of Year</i>					<u>2,015,949</u>
<i>Net Assets End of Year</i>					<u>\$ 16,270,466</u>

Ravenna City School District
Balance Sheet
Governmental Funds
June 30, 2007

	<u>General</u>	<u>Building</u>	<u>Classroom Facilities Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 2,767,769	\$ 0	\$ 0	\$ 1,411,068	\$ 4,178,837
Cash and Cash Equivalents in Segregated Accounts	0	4,093,954	16,180,877	0	20,274,831
Restricted Cash and Cash Equivalents	180,940	0	0	0	180,940
Receivables:					
Accounts	257,039	0	0	3,218	260,257
Taxes	11,003,237	0	0	1,425,275	12,428,512
Notes (Net of Allowances)	0	0	0	133,465	133,465
Interfund	72,500	0	0	0	72,500
Intergovernmental	0	0	7,688,372	157,860	7,846,232
Interest	2,703	65,521	325,929	0	394,153
<i>Total Assets</i>	<u>\$ 14,284,188</u>	<u>\$ 4,159,475</u>	<u>\$ 24,195,178</u>	<u>\$ 3,130,886</u>	<u>\$ 45,769,727</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 112,532	\$ 0	\$ 1,940	\$ 113,956	\$ 228,428
Accrued Wages and Benefits	2,359,832	0	0	87,510	2,447,342
Interfund Payable	0	0	0	72,500	72,500
Intergovernmental Payable	938,279	0	0	82,447	1,020,726
Deferred Revenue	10,717,670	0	7,688,372	1,420,460	19,826,502
Matured Compensated Absences Payable	117,934	0	0	4,226	122,160
<i>Total Liabilities</i>	14,246,247	0	7,690,312	1,781,099	23,717,658
Fund Balances					
Reserved for Encumbrances	20,703	0	1,764,729	113,758	1,899,190
Reserved for Tax Revenue Unavailable for Appropriation	475,567	0	0	64,926	540,493
Reserved for Budget Stabilization	180,940	0	0	0	180,940
Undesignated, Reported in:					
General Fund	(639,269)	0	0	0	(639,269)
Special Revenue Funds	0	0	0	354,358	354,358
Capital Projects Funds	0	4,159,475	14,740,137	2,434	18,902,046
Debt Service Funds	0	0	0	281,107	281,107
Permanent Fund	0	0	0	533,204	533,204
<i>Total Fund Balances</i>	<u>37,941</u>	<u>4,159,475</u>	<u>16,504,866</u>	<u>1,349,787</u>	<u>22,052,069</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 14,284,188</u>	<u>\$ 4,159,475</u>	<u>\$ 24,195,178</u>	<u>\$ 3,130,886</u>	<u>\$ 45,769,727</u>

Ravenna City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets Governmental Activities
 June 30, 2007*

Total Governmental Fund Balances	\$	22,052,069
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		7,819,001
Other long-term assets are not available to pay for current- period expenditures and therefore, are deferred in the funds.		
Grants	\$ 7,748,484	
Excess Cost Tuition	190,000	
Delinquent Property Taxes	794,124	8,732,608
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		
General Obligation Bonds	(16,005,000)	
Capital Appreciation Bonds	(469,984)	
Accretion on Bonds	(63,317)	
Premium on Debt Issuance	(695,233)	
Deferred Charges-Issuance Costs	406,037	
Capital Lease Obligation	(3,370,000)	(20,197,497)
Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	(2,082,564)	
Accrued Vacation Payable	(53,151)	(2,135,715)
 <i>Net Assets of Governmental Activities</i>		 \$ 16,270,466

See accompanying notes to basic financial statements.

Ravenna City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2007

	<u>General</u>	<u>Building</u>	<u>Classroom Facilities Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 13,410,242	\$ 0	\$ 0	\$ 892,847	\$ 14,303,089
Intergovernmental	14,271,669	0	4,702,282	2,910,921	21,884,872
Investment Income	206,740	166,793	631,021	34,935	1,039,489
Tuition and Fees	744,957	0	0	279,174	1,024,131
Extracurricular Activities	0	0	0	218,983	218,983
Charges for Services	38,317	0	0	442,031	480,348
Rentals	15,810	0	0	10,049	25,859
Gifts and Donations	0	0	125,000	19,174	144,174
Miscellaneous	175,581	0	0	47,616	223,197
<i>Total Revenues</i>	<u>28,863,316</u>	<u>166,793</u>	<u>5,458,303</u>	<u>4,855,730</u>	<u>39,344,142</u>
Expenditures					
Current:					
Instruction:					
Regular	11,039,871	0	0	498,053	11,537,924
Special	3,283,589	0	0	1,208,822	4,492,411
Vocational	444,161	0	0	0	444,161
Other	1,152,027	0	0	329,015	1,481,042
Support Services:					
Pupils	1,195,112	0	0	8,955	1,204,067
Instructional Staff	617,899	0	0	166,118	784,017
Board of Education	46,612	0	0	0	46,612
Administration	2,464,841	0	14,650	45,939	2,525,430
Fiscal	728,759	0	0	36,448	765,207
Business	148,496	0	0	0	148,496
Operation and Maintenance of Plant	2,475,148	0	0	43,533	2,518,681
Pupil Transportation	1,145,998	0	0	1,956	1,147,954
Central	499,233	0	0	37,894	537,127
Operation of Non-Instructional Services	0	0	0	278,847	278,847
Food Service Operations	0	0	0	1,074,195	1,074,195
Extracurricular Activities	493,117	0	0	262,808	755,925
Capital Outlay	22,076	4,260	1,312,691	209,380	1,548,407
Debt Service:					
Principal Retirement	0	0	0	190,000	190,000
Bond Issuance Costs	0	0	0	73,865	73,865
Interest and Fiscal Charges	0	0	0	579,479	579,479
<i>Total Expenditures</i>	<u>25,756,939</u>	<u>4,260</u>	<u>1,327,341</u>	<u>5,045,307</u>	<u>32,133,847</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	3,106,377	162,533	4,130,962	(189,577)	7,210,295 (574,195)
Other Financing Sources (Uses)					
Transfers In	0	0	0	151,862	151,862
General Obligation Bonds Issued	0	1,615,425	0	0	1,615,425
Premium on Bonds and Issued	0	0	0	74,335	74,335
Proceeds from Sale of Capital Assets	5,077	0	0	0	5,077
Transfers Out	(150,809)	0	0	(1,053)	(151,862)
<i>Total Financing Sources and (Uses)</i>	<u>(145,732)</u>	<u>1,615,425</u>	<u>0</u>	<u>225,144</u>	<u>1,694,837</u>
<i>Net Change in Fund Balance</i>	2,960,645	1,777,958	4,130,962	35,567	8,905,132
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>(2,922,704)</u>	<u>2,381,517</u>	<u>12,373,904</u>	<u>1,314,220</u>	<u>13,146,937</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 37,941</u>	<u>\$ 4,159,475</u>	<u>\$ 16,504,866</u>	<u>\$ 1,349,787</u>	<u>\$ 22,052,069</u>

Ravenna City School District
*Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2007*

Net Change in Fund Balances - Total Governmental Funds \$ 8,905,132

*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlays as expenditures,
however, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which the
additions exceeded depreciation in the current period.

Capital Asset Additions	\$ 1,809,147	
Current Year Depreciation	(539,316)	1,269,831

Revenues in the statement of activities that do not provide
current financial resources are not reported as revenues
in the funds:

Grants	7,693,364	
Excess Cost Tuition	(60,000)	
Delinquent Property Taxes	(2,127,082)	5,506,282

Repayment of bond and lease principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the
statement of net assets.

Bond Principal	25,000	
Capital Lease	165,000	190,000

Some expenses reported in the statement of activities do not
use the current financial resources and therefore, are not reported
as expenditures in governmental funds.

Compensated Absences	51,208	
Accrued Vacation Payable	95	51,303

The issuance of general obligation bonds and related activities are expenditures
and other financing sources and uses in the governmental funds, but these
but these transactions are reflected in the statement of net assets
as long-term assets and liabilities.

School Improvement Bonds, Series 2007	(1,565,000)	
Capital Appreciation Bonds	(50,425)	
Bond Premium Amortization	25,749	
Accretion on Bonds	(63,317)	
Deferred Charges- Amortization	(15,038)	(1,668,031)

Change in Net Assets of Governmental Activities \$ 14,254,517

Ravenna City School District
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 12,840,000	\$ 13,425,000	\$ 13,435,769	\$ 10,769
Intergovernmental	13,783,453	14,253,500	14,271,669	18,169
Investment Income	100,000	460,365	205,619	(254,746)
Tuition and Fees	774,000	1,543,595	688,989	(854,606)
Charges for Services	5,000	85,789	38,317	(47,472)
Rent	0	35,397	15,810	(19,587)
Miscellaneous	120,000	388,552	173,544	(215,008)
<i>Total Revenues</i>	<u>27,622,453</u>	<u>30,192,198</u>	<u>28,829,717</u>	<u>(1,362,481)</u>
Expenditures:				
Current:				
Instruction	15,751,132	15,889,123	15,832,854	(56,269)
Support Services:				
Pupils	1,274,470	1,250,470	1,211,314	(39,156)
Instructional Staff	557,620	588,922	602,291	13,369
Board of Education	48,275	46,775	48,885	2,110
Administration	2,590,610	2,544,217	2,502,462	(41,755)
Fiscal	656,660	790,360	750,167	(40,193)
Business	156,615	160,615	154,307	(6,308)
Operation and Maintenance of Plant	2,461,660	2,425,060	2,438,006	12,946
Pupil Transportation	1,165,915	1,153,915	1,135,486	(18,429)
Central	610,975	585,475	544,873	(40,602)
Operation of Non-Instructional Services	500	500	0	(500)
Extracurricular Activities	473,040	488,040	479,573	(8,467)
Capital Outlay	45,000	25,000	22,076	(2,924)
<i>Total Expenditures</i>	<u>25,792,472</u>	<u>25,948,472</u>	<u>25,722,294</u>	<u>(226,178)</u>
Excess of Revenues Over (Under) Expenditures	1,829,981	4,243,726	3,107,423	(1,136,303)
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	0	15,592	6,964	(8,628)
Proceeds from Sale of Capital Assets	0	11,367	5,077	(6,290)
Advance Out	0	(150,000)	(72,500)	77,500
Transfers Out	(325,000)	(325,000)	(150,809)	174,191
<i>Total Other Financing Sources (Uses)</i>	<u>(325,000)</u>	<u>(448,041)</u>	<u>(211,268)</u>	<u>236,773</u>
<i>Net Change in Fund Balance</i>	1,504,981	3,795,685	2,896,155	(899,530)
<i>Fund Balance (Deficit) at Beginning of Year</i>	63,031	63,031	63,031	0
Prior Year Encumbrances Appropriated	18,054	18,054	18,054	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 1,586,066</u>	<u>\$ 3,876,770</u>	<u>\$ 2,977,240</u>	<u>\$ (899,530)</u>

Ravenna City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 358,202	\$ 66,248
Notes Receivable	321,580	0
<i>Total Assets</i>	679,782	66,248
Liabilities		
Undistributed Monies	\$ 0	\$ 4,897
Due to Students	0	61,351
<i>Total Liabilities</i>	0	66,248
Net Assets		
Held in Trust for Scholarships	679,782	
<i>Total Net Assets</i>	\$ 679,782	

Ravenna City School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Ended June 30, 2007

	Private Purpose Trust
Additions	
Interest	\$ 14,046
<i>Total Additions</i>	14,046
Deductions	
Payments in Accordance with Trust Agreements	3,831
<i>Total Deductions</i>	3,831
<i>Change in Net Assets</i>	10,215
<i>Net Assets Beginning of Year</i>	669,567
<i>Net Assets End of Year</i>	\$ 679,782

RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

Note 1 – Description of the School District

The Ravenna City School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. Average daily membership on, or as of, October 1, 2006, was 3,092. The School District employs 224 certificated and 152 non-certificated employees.

Reporting Entity

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

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

The School District is associated with two organizations which are defined as jointly governed organizations, two public entity risk pools, and a related organization. These organizations are the Stark-Portage Area Computer Consortium, the Maplewood Career Center, Ohio School Boards Association Workers Compensation Group Rating Plan, the Stark County Council of Governments Health Benefits Program and Reed Memorial Public Library. These organizations are presented in Notes 10, 19 and 20 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

RAVENNA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

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

B. Fund Accounting

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

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

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

Building The building fund accounts for the receipts and expenditures related to the activity of the locally funded initiatives related to the new high school.

The funds were derived from a bond sale to facilitate a fixed seat auditorium in the new high school (not funded by the Ohio School Facilities Commission), an alternate gymnasium, and a lease agreement and renovation of a transportation facility for the district.

RAVENNA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Classroom Facilities Project The classroom facilities project fund accounts for monies received and expended in connection with contracts entered into by the School District and the Ohio Department of Education for the building and equipping of classroom facilities.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

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

C. Measurement Focus

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

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

The private purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations. Neither of the fiduciary fund types are included in the Government-Wide Financial Statements.

D. Basis of Accounting

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

RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Cash and Cash Equivalents

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

RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

During fiscal year 2007, investments were limited to certificates of deposits, money market funds, and U. S Treasury Notes. These nonparticipating investment contracts are reported at cost.

For presentation on the financial statements, investments of the cash management pool and investments with maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$206,740, which includes \$191,565 assigned from other School District funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets may include amounts required by statute to be set aside for the purchase of textbooks and capital improvements. See Note 22 for additional information regarding set-asides.

G. Capital Assets

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

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

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

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

RAVENNA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

H. Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. The liability includes the employees who are eligible to receive termination benefits and those the School District had identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

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

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These are reported as "Matured Compensated Absences".

I. Accrued Liabilities and Long-term Obligations

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

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

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

RAVENNA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

K. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund balance reserves are established for encumbrances, property taxes and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

L. Interfund Activity

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

M. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2007.

N. 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.

O. Budgetary Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2007.

RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

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

Note 3 – Accountability

A. Fund Deficits

Fund balances at June 30, 2007 included the following individual fund deficits:

	<u>Deficit Fund Balance</u>
Nonmajor Governmental Funds:	
Athletics	8,948
Public Preschool Grant	8,525
Title I Disadvantaged Children	1,300
Permanent Improvement	7,087
Entry Year Teacher Grant	6,443

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

Note 4 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, is presented for the general fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

-
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$ 2,960,645
Net Adjustment for Revenue Accruals	(33,599)
Net Adjustment for Expenditure Accruals	66,613
Advances Out	(72,500)
Adjustment for Encumbrances	<u>(25,004)</u>
Budget Basis	<u>\$ 2,896,155</u>

Note 5 – Deposits and Investments

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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 School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

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

RAVENNA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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

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

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

Deposits At fiscal year-end, the carrying amount of the School District's deposits was \$18,917,879. The School District's bank balance of \$19,688,133 was exposed to custodial credit risk as follows:

1. \$796,315 of the bank balance was covered by federal depository insurance corporation (FDIC).
2. \$18,891,798 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

RAVENNA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Investments Investments are reported at fair value. As of June 30, 2007, the School District had the following investments:

Rating by Standard and Poor's	Entity	Fair Value	Investment Maturity (in years)		
			0-1	1-5	
N/A	U. S. Treasury	\$ 356,180	\$ 217,612	\$ 138,568	46.99%
Aaa	FNM Bank	178,077	60,056	118,021	23.49%
Aaa	FHL Bank	116,040	20,559	95,481	15.31%
AAAm	Allegiant Gov't Money Market Fund	50,663	0	50,663	6.68%
A3	Key Corp-Common Stock and Options *	41,196	N/A	N/A	5.44%
AAAm	Victory Gradison Government Reserves Fund	15,820	15,820	0	2.09%
		<u>\$ 757,976</u>	<u>\$ 314,047</u>	<u>\$ 402,733</u>	<u>100.00%</u>

*Rated by Moody's Investors Service

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

Credit Risk: The School District's investment credit ratings are summarized above.

Concentration of Credit Risk: The School District will diversify its investments by security, type and institution. There is no limit in investments unless the School District invests interim funds in which case there is a maximum of twenty-five percent in either or a combined total of:

A. Commercial paper notes issued by a for-profit corporation, business trust or association, real estate investment trust, common-law trust, unincorporated business, or general or limited partnership which has assets exceeding \$500,000,000. Such notes must:

1. be rated at the time of purchase in the highest classification established by at least two (2) rating services;
2. have an aggregate value that does not exceed ten percent of the outstanding commercial paper of the issuing entity;
3. mature within 180 days after purchase.

B. Bankers acceptances of banks that are members of the FDIC and whose obligations:

1. are eligible for purchase by the Federal Reserve System;
2. mature no later than 180 days after purchase.

RAVENNA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments 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 by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Portage County. The Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2007, was \$540,493.

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

RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second Half Collections		2007 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$298,944,583	85.59%	\$334,943,449	91.56%
Public Utility	12,166,800	3.48%	11,887,770	3.25%
Tangible Personal Property	38,182,210	10.93%	18,980,799	5.19%
Total	<u>\$349,293,593</u>	<u>100.00%</u>	<u>\$365,812,018</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$61.04		\$65.39	

Note 7 - Receivables

Receivables at June 30, 2007, consisted of taxes, accounts, intergovernmental, interest, notes and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. The intergovernmental receivable at June 30 consisted of excess cost tuition state and federal grants.

Note 8 – Notes Receivable

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

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

At the close of fiscal year 2007, there were 71 students with a total principal loan balance outstanding of \$455,045. This amount is made up of notes receivable of \$321,580 and \$133,465 in the private purpose trust fund and the permanent fund, respectively.

RAVENNA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance 6/30/06	Additions	Reductions	Balance 6/30/07
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 34,984	\$ 0	\$ 0	\$ 34,984
Construction in Progress	0	1,402,351	0	1,402,351
	<u>34,984</u>	<u>1,402,351</u>	<u>-</u>	<u>1,437,335</u>
Total Capital Assets, not being depreciated:				
<i>Capital Assets, being depreciated:</i>				
Land Improvements	4,730,218	184,356	0	4,914,574
Buildings and Improvements	11,132,826	120,474	0	11,253,300
Furniture and Equipment	1,978,533	101,966	0	2,080,499
Vehicles	1,669,680	0	0	1,669,680
	<u>19,511,257</u>	<u>406,796</u>	<u>0</u>	<u>19,918,053</u>
Total Capital Assets, being depreciated				
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(1,920,380)	(220,976)	0	(2,141,356)
Buildings and Improvements	(8,144,139)	(124,319)	0	(8,268,458)
Furniture and Equipment	(1,538,736)	(107,889)	0	(1,646,625)
Vehicles	(1,393,816)	(86,132)	0	(1,479,948)
	<u>(12,997,071)</u>	<u>(539,316)</u>	<u>0</u>	<u>(13,536,387)</u>
Total Accumulated Depreciation				
Total Capital Assets being depreciated, net	<u>6,514,186</u>	<u>(132,520)</u>	<u>0</u>	<u>6,381,666</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,549,170</u>	<u>\$ 1,269,831</u>	<u>\$ 0</u>	<u>\$ 7,819,001</u>

RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 52,572
Special	295
Support Services:	
Pupil	2,458
Instructional Staff	2,039
Administration	5,029
Fiscal	1,099
Operation and Maintenance of Plant	98,395
Pupil Transportation	77,169
Central	14,266
Operation of non instructional	278
Food Service Operations	1,573
Extracurricular Activities	<u>284,143</u>
Total Depreciation	<u>\$ 539,316</u>

Note 10– Risk Management

A. Property and Liability

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

The board president and superintendent have a \$30,000 position bond with Travelers. The treasurer is covered under a surety bond in the amount of \$100,000. There has been no reduction in insurance coverage from the prior year, and claims have not exceeded coverage in the last 3 fiscal years.

B. Workers' Compensation

The School District pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per \$100 of salaries. The School District is a member of the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. This rate is calculated based on accident history and administrative costs.

C. Employee Medical Benefits

The School District has contracted with the Stark County School Council of Governments Health Benefits Program to provide employee medical/surgical and dental benefits. The Stark County Council of Governments Health Benefits Programs is a shared risk pool comprised of fifteen school districts. Rates are set through an annual calculation process. The School District pays a monthly contribution which is paid to

RAVENNA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

a common fund from which claim payments are made for all participants regardless of claim flow. The board of directors has the right to return monies to an exiting school district subsequent to the settlements of all expenses and claims. The School District pays premiums of \$727.71 for family coverage and \$299.58 for single coverage per employee per month.

Dental insurance is also provided through the Stark County School Council of Governments Health Benefits Program. Premiums for dental coverage are \$98.76 for family coverage and \$40.05 for single coverage per employee per month.

Note 11 - Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (614) 222-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2007, 2006 and 2005 were \$610,344, \$608,964 and \$584,748 respectively; 50 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the

RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$1,833,798, \$1,846,462 and \$1,894,596 respectively. Contributions to the DC and Combined Plans for fiscal year 2007 were \$11,139 made by the School District and \$14,990 made by the plan members. \$315,852 represents the unpaid contribution for fiscal year 2007, and is recorded as a liability within the respective funds, 83% has been contributed for fiscal year 2007 and 100% for fiscal years 2006 and 2005.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2007, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 12- Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by the systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

RAVENNA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate; currently 14% of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$131,781 during the 2007 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2006, (the latest information available), the balance in the Fund was \$3.5 billion. The health care costs paid by STRS were \$82,743,000 and STRS had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on year of service, Medicare eligibility and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year, ended June 30, 2006, (the latest information available), employer contributions to fund health care benefits were 3.42% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, (the latest information available), the minimum pay has been established at \$35,800. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$208,507.

Net health care costs for the year ending June 30, 2006 were \$158,751,207. The target level for the health care fund is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2006, the value of the health care fund was \$295.6 million, which is about 221% of next year's projected net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs. The number of participants eligible to receive benefits is 59,400.

Note 13– Other Employee Benefits

A. Life Insurance

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

B. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

Teachers, Administrators, and Classified employees earn sick leave at a rate of one and one-quarter days per month which may be accumulated up to a maximum of 280 days for classified employees and no limit for certified employees. Upon retirement, payment is made for one-fourth of accrued with a maximum of 57 days for classified employees and 85 days for certified employees.

C. Personal and Sick Leave Incentive

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

Note 14- Long - Term Obligations

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

	Outstanding 7/01/2006	Additions	Reductions	Outstanding 6/30/2007	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
Energy Conservation	\$ 385,000	\$ 0	\$ 25,000	\$ 360,000	25,000
School Improvement Bonds-2006	14,080,000	0	0	14,080,000	295,000
School Improvement Bonds-2007	0	1,565,000	0	1,565,000	30,000
Capital Appreciation Bonds-2006	419,559	0	0	419,559	0
Capital Appreciation Bonds-2007	0	50,425	0	50,425	0
Accretion Capital Appreciation Bonds-2006	0	63,317	0	63,317	0
Premium on Debt Issuance-2006	720,982	0	25,749	695,233	25,749
Total General Obligation Bonds	15,605,541	1,678,742	50,749	17,233,534	375,749
Capital Lease :					
Capital Lease Obligation	3,535,000	0	165,000	3,370,000	170,000
Compensated Absences	2,133,772	70,952	122,160	2,082,564	156,027
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 21,274,313</u>	<u>\$ 1,749,694</u>	<u>\$ 337,909</u>	<u>\$ 22,686,098</u>	<u>\$ 701,776</u>

Energy Conservation Bonds – On March 1, 1994, the School District issued \$825,000 in unvoted general obligation bonds for the purpose of providing energy conservation measures for the School District, under authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The bonds were issued for a ten year period with final maturity during fiscal year 2005. On November 1, 2003, the School District issued another \$425,000 in general obligation bonds for energy conservation measures for a five year period with final maturity during fiscal year 2008. The bonds will be retired from the debt service fund.

RAVENNA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

School Improvement Bonds - On June 21, 2006, the School District issued \$14,499,559 in general obligation bonds for improvements to the schools. The bonds mature in January 2034. These bonds were issued with a premium of \$720,982, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. \$ 25,749 was amortized during the fiscal year.

The bond issue consists of serial and capital appreciation bonds. These bonds are not subject to early redemption.

The capital appreciation bonds mature January 15, 2010 through 2013. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as principal liability. The maturity amount of the bonds is \$1,240,000. For fiscal year 2007, there was \$63,317 in accretion.

On April 4, 2007, the School District issued \$1,615,425 in general obligation bonds for improvements to the schools. The bonds mature in January 2032. These bonds were issued with a premium of \$74,335, which is reported as an increase to bonds payable. The amounts being amortized to interest expense over the life of the bonds using the straight-line method. There was no amortization for June 30, 2007.

The bond issue consists of serial and capital appreciation bonds. These bonds are not subject to early redemption.

The capital appreciation bonds mature January 15, 2014 through 2016. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as principal liability. The maturity amount of the bonds is \$279,576. For fiscal year 2007, there was no accretion.

Capital leases will be paid from the debt service fund. Compensated absences will be paid from the funds which the employee's salaries are paid.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2007 are as follows:

Fiscal Year Ending June 30,	Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Accretion/ Interest
2008	350,000	702,933	0	0	350,000	702,933
2009	375,000	702,982	0	0	375,000	702,982
2010	75,000	687,982	159,473	200,527	234,473	888,509
2011	75,000	684,982	113,219	206,781	188,219	891,763
2012	80,000	681,982	101,729	258,271	181,729	940,253
2013 - 2017	2,030,000	3,270,140	210,138	269,438	2,240,138	3,539,578
2018 - 2022	3,060,000	2,730,816	0	0	3,060,000	2,730,816
2023 - 2027	3,470,000	2,021,212	0	0	3,470,000	2,021,212
2028 - 2032	4,640,000	1,095,691	0	0	4,640,000	1,095,691
2033 - 2034	1,850,000	125,755	0	0	1,850,000	125,755
Total	\$ 16,005,000	\$ 12,704,475	\$ 584,559	\$ 935,017	\$ 16,589,559	\$ 13,639,492

RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

Note 15– Capitalized Leases

The School District has entered into capitalized leases for a stadium. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standard No. 13 "Accounting for Leases". The stadium has been capitalized in the capital assets in the amount of \$5,640,462. This amount represents the present value of the minimum lease payments at the time of the acquisition. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2007.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	170,000	93,938	263,938
2009	176,000	88,883	264,883
2010	182,000	83,662	265,662
2011	188,000	78,270	266,270
2012	194,000	72,701	266,701
2013-2017	1,069,000	273,371	1,342,371
2018-2022	1,255,000	104,085	1,359,085
2023-2024	136,000	0	136,000
Total	<u>\$ 3,370,000</u>	<u>\$ 794,910</u>	<u>\$ 4,164,910</u>

Note 16– Deferred Revenue

Deferred revenue consisted of the following:

	<u>Statement of Net Assets</u>	<u>Balance Sheet</u>
Property Taxes Receivable	\$ 11,093,894	\$ 11,888,018
Grants Receivable	0	7,748,484
Excess Costs	0	190,000
Total	<u>\$ 11,093,894</u>	<u>\$ 19,826,502</u>

RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

Note 17- Interfund Transfers

Transfers made during fiscal year 2007 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 0	\$ 150,809
Other Governmental Funds:		
Bond Retirement	150,000	0
Public School Support		1,053
Special Enterprise	1,053	0
Miscellaneous	809	0
	<u>\$ 151,862</u>	<u>\$ 151,862</u>

These transfers are made to move unrestricted balances to support programs and projects accounted for in other funds.

Note 18- Interfund Balances

Interfund balances at June 30, 2007 consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 72,500	\$ 0
Nonmajor Governmental Funds:		
Permanent Improvement	0	60,000
Athletics	0	12,500
Total	<u>\$ 72,500</u>	<u>\$ 72,500</u>

Interfund receivables and payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2007, all interfund payables outstanding are anticipated to be repaid in fiscal year 2008.

Note 19 - Jointly Governed Organizations

The Stark Portage Area Computer Consortium (SPARCC) is a jointly governed organization comprised of 28 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports SPARCC based upon a per pupil charge dependent upon the software package utilized. The SPARCC assembly consists of a

RAVENNA CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

superintendent or designated representative from each participating district and a representative from the fiscal agent. SPARCC is governed by a board of directors chosen from the general membership of the SPARCC assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county in which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Stark County Education Services Center, which serves as fiscal agent, located at 2100 38th Street, NW, Canton, Ohio 44709. During the year ended June 30, 2007, the School District paid \$149,868 to SPARCC for basic service charges.

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

Note 20– Related Organization

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

Note 21 - Contingencies

A. Grants

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

B. Litigation

The School District is party to legal proceedings. The School District is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition the School District.

RAVENNA CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

Note 22- Set-Asides

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

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

	Capital Improvement Reserve	Textbook Instructional Materials Reserve	Budget Stabilizaion	Totals
Set-Aside Cash Balance as of June 30, 2006	\$ 0	\$ 0	\$ 180,940	\$ 180,940
Set-Aside Carryover Balance as of June 30, 2006	69,549	(277,601)	0	(208,052)
Current Year Set-Aside Requirement	474,424	474,424	0	948,848
Qualifying Disbursements	(1,854,789)	(465,775)	0	(2,320,564)
Total	<u>\$ (1,310,816)</u>	<u>\$ (268,952)</u>	<u>\$ 180,940</u>	<u>(1,398,828)</u>
Balance Carried Forward to FY 2008	<u>\$ 0</u>	<u>\$ (268,952)</u>	<u>\$ 180,940</u>	<u>\$ 180,940</u>
Amount to Restrict for Set Asides				<u>\$ 180,940</u>

The School District had qualifying disbursements during the year that reduced the textbook reserve set-asides below zero. The extra amounts for the textbook and/or instructional materials may be used to reduce the set-aside requirement in future fiscal years. Amounts remaining at the fiscal year-end are represented by a reserve fund balance presented on the balance sheet.

Note 23- Contracts Commitments

As of June 30, 2007, the School District had the following major contractual commitments outstanding:

Projects	Contract Amount	Amount Paid as of June 30, 2007	Amount Remaining on Contract
New High School	2,755,783	1,299,295	1,456,488

Note 24- Subsequent Events

As of June 2008, the School District awarded several additional contracts for construction of a new Ravenna High School in the amount of \$223,884,712.

RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Food Distribution Program	N/A	10.550		\$44,476		\$46,012
<i>Nutrition Cluster :</i>						
National School Breakfast Program	044685-05-PU 2007	10.553	\$83,828		\$83,828	
National School Lunch Program	044685-LL-P4 2007	10.555	453,836		453,836	
Total Nutrition Cluster			537,664		537,664	
Child Care Meals	044685-LUCF-2007	10.558	18,418		18,418	
Total U.S.Department of Agriculture			556,082	44,476	556,082	46,012
U.S. DEPARTMENT OF EDUCATION						
<i>Passed through the Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	044685 C1S1-2007	84.010	504,938		504,938	
Title I Grants to Local Educational Agencies	044685-C1S1-2006	84.010	94,991		68,911	
Total Title 1 Grants to Local Educational Agencies			599,929	0	573,849	0
<i>Special Education Cluster:</i>						
Special Education-Grants to States	044685-6BSF-2007	84.027	753,767		661,854	
Special Education-Grants to States	044685-6BSF-2006	84.027	70,044		15,693	
Total Special Education-Grants to States			823,811	0	677,547	0
Special Education-Preschool Grant	044685-PGS1-2007	84.173	18,038		16,046	
Special Education-Preschool Grant	044685-PGS1-2006	84.173	8,616		8,659	
Total Special Education			26,654	0	24,705	0
Total Special Education Cluster			850,465		702,252	
Safe and Drug-Free Schools and Communities-State Grants	044685-DRS1-2007	84.186	13,756		10,246	
Safe and Drug-Free Schools and Communities-State Grants	044685-DRS1-2006	84.186	4,877		4,399	
Total Safe and Drug-Free Schools and Communities			18,633	0	14,645	0
Innovative Education Program Strategies	044685-C2S1-2007	84.298	4,392		4,392	
Innovative Education Program Strategies	044685-C2S1-2006	84.298	1,083		1,444	
Total Innovative Education Program Strategies			5,475	0	5,836	0
Technology Literacy Challenge	044685-TJS1-2007	84.318	7,977		8,080	
Total Technology Literacy Challenge			7,977	0	8,080	0
Improving Teacher Quality	044685-TRS1-2007	84.367	165,881		148,900	
Improving Teacher Quality	044685-TRS1-2006	84.367	25,086		20,379	
Total Improving Teacher Quality			190,967	0	169,279	
Hurricane Education Recovery Act	044685-MR01-2007	84.938	7,000		15,000	
Total U.S. Department of Education			1,680,446	0	1,488,941	0
U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed through Ohio Department of MR/DD</i>						
Temporary Assistance for Needy Families	N/A	93.558	90,943	0	85,501	0
Medical Assistance Program Title XIX Community Alternative Funding System (CAFS)	N/A	93.778		0	194,334	0
Total US Department of Health and Human Services			90,943	0	279,835	0
Total Federal Financial Assistance			\$2,327,471	\$44,476	\$2,324,858	\$46,012

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

**RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ravenna City School District, Portage County, (the District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 20, 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the District's management in a separate letter dated August 20, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated August 20, 2008.

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

We intend this report solely for the information and use of the management, Board of Education and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 20, 2008



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Ravenna City School (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District'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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Ravenna City School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2007

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

We intend this report solely for the information and use of the management, Board of Education and federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 20, 2008

**RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007**

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 weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control 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):	Title I Grant - CFDA 84.010 And Title II Improving Teacher Quality State Grant -CFDA 84.367
<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

RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007
(Continued)

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

FINDING NUMBER 2007-001

Noncompliance Citation:

Ohio Revised Code Section 149.35.1(A) states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under sections 149.38 to 149.42 of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully.

The District Food Service receipt collection is an on line computer system process. All food services sales are entered on an online computer cash register system that records each transaction, then generates various reports that are utilized by management for decision making, inventory reporting and local/state level reporting.

The computer system stores the following significant data:
Types of sale (Free Lunch, Reduce Lunch, Student Lunch, ala carte items etc)
Number of meals sold
Type of items purchase
Dollar amounts received
Amounts of coins/dollars received
Running total of the amount received

During our audit period the **Items Sold By Day Report** was not printed and could not be retrieved from the system for our audit period.

The District made an attempt to have the data retrieved, however – the data could not be retrieved, because the data was not properly backed up.

We recommend the District comply with the above stated Ohio Revised Code section in regards to records maintenance.

Also the District should fully understand how reports are to be backup for the food service computer system. They should establish a recorder retention policy for this system that is uniform with the other computer systems within the District.

**RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007
(Continued)**

OFFICIALS' RESPONSES

In speaking with the District Food Service Director, there was a miss-communication between the records that should be maintained and the perception of that request on the part of the Food Service Director.

Once notified of the specific need, the District's Technology Director was in immediate contact with the vendor. The vendor was unable to provide the requested documents as their files had been corrupted. If necessary, the District would be happy to secure a statement from the vendor validating that statement.

The District has assurances from the vendor (Horizon Software) that any and all required reports will be available for future audits.

It is our belief, that what has occurred can be properly termed an "isolated incident".

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	None
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**RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Reportable Condition - Weaknesses –Payroll Flexible Spending Reimbursement Plan – Withholdings	Yes	



Mary Taylor, CPA
Auditor of State

RAVENNA CITY SCHOOL DISTRICT

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 18, 2008**