

Audit Report

July 1, 2001 through June 30, 2002



RAVENNA CITY SCHOOL DISTRICT



*Certified Public Accountants
& Business Consultants*



**Auditor of State
Betty Montgomery**

Board of Education
Ravenna City School District
Ravenna, Ohio

We have reviewed the Independent Auditor's Report of the Ravenna City School District, Portage County, prepared by Moore Stephens Apple, for the audit period July 1, 2001 through June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ravenna City School District is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

October 23, 2003

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**RAVENNA CITY SCHOOL DISTRICT
AUDIT REPORT – JULY 1, 2001 THROUGH JUNE 30, 2002**

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Report of Independent Auditors

To the Board of Education
Ravenna City School District
Ravenna, Ohio 44266

We have audited the accompanying general purpose financial statements that do not include a statement of revenues, expenditures, and changes in fund balances-budget and actual of the Ravenna City School District as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of the Ravenna City School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

The District declined to present a statement of revenues, expenditures, and changes in fund balances-budget and actual for the year ended June 30, 2002. Presentation of such statements for those governmental funds for which budgets have been legally adopted is required by accounting principles generally accepted in the United States of America.

In our opinion, except for the omission of the statements of revenues, expenditures, and changes in fund balances-budget and actual that results in an incomplete presentation as explained in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ravenna City School District as of June 30, 2002 and the results of its operations and the cash flows of

its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2002 on our consideration of the Ravenna City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

Moore Stephens Apple

Akron, Ohio
November 25, 2002

General Purpose Financial Statements

Ravenna City School District
Combined Balance sheet – All Fund Types and Account Groups
June 30, 2002

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Expendable Trust and Agency	General Fixed Assets	General Long-Term Obligations	Totals (Memorandum Only)
ASSETS AND OTHER DEBITS:									
Assets:									
Equity in Pooled Cash and									
Cash Equivalents	\$2,835,423	\$325,808	\$25	\$343,744	\$686,233	\$1,051,132	\$0	\$0	\$5,242,365
Restricted Cash Held in Trust	0	0	0	550,000	0	0	0	0	550,000
Receivables									
Taxes	10,951,664	0	0	392,775	0	0	0	0	11,344,439
Accounts	38,300	868	0	0	8,098	2,845	0	0	50,111
Intergovernmental	0	0	0	0	54,209	0	0	0	54,209
Interfund	3,442	0	0	0	0	0	0	0	3,442
Inventory Held For Resale	0	0	0	0	4,548	0	0	0	4,548
Inventory	0	0	0	0	1,680	0	0	0	1,680
Notes Receivable	0	0	0	0	0	128,045	0	0	128,045
Restricted Assets:									
Equity in Pooled Cash and									
Cash Equivalents	239,934	0	0	0	0	0	0	0	239,934
Fixed Assets (Net where applicable, of Accumulated Depreciation)	0	0	0	0	19,422	0	18,605,857	0	18,625,279
Other Debits:									
Amount to be Provided from									
General Government Resources	0	0	0	0	0	0	0	7,535,976	7,535,976
Total Assets and Other Debits	<u>\$14,068,763</u>	<u>\$326,676</u>	<u>\$25</u>	<u>\$1,286,519</u>	<u>\$774,190</u>	<u>\$1,182,022</u>	<u>\$18,605,857</u>	<u>\$7,535,976</u>	<u>\$43,780,028</u>

(Continued)

The accompanying notes are an integral part of these statements.

Ravenna City School District
Combined Balance sheet – All Fund Types and Account Groups
June 30, 2002

	Governmental Fund Types				Proprietary	Fiduciary	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Expendable Trust and Agency	General Fixed Assets	General Long-Term Obligations	
LIABILITIES, FUND EQUITY AND OTHER CREDIT:									
Liabilities:									
Accounts Payable	\$104,384	\$9,644	\$0	\$18,482	\$2,522	\$471	\$0	\$0	\$135,503
Accrued Wages and Benefits	2,014,502	172,333	0	0	47,851	0	0	0	2,234,686
Compensated Absences Payable	116,163	0	0	0	60,431	0	0	2,535,258	2,711,852
Intergovernmental Payable	431,041	32,536	0	0	46,690	0	0	195,718	705,985
Interfund Payable	0	3,442	0	0	0	0	0	0	3,442
Due to Others	0	0	0	0	0	98,196	0	0	98,196
Deferred Revenue	10,825,333	0	0	389,278	0	0	0	0	11,214,611
Capital Lease Payable	0	0	0	0	0	0	0	4,515,000	4,515,000
Energy Conservation Loan Payable	0	0	0	0	0	0	0	290,000	290,000
Total Liabilities	13,491,423	217,955	0	407,760	157,494	98,667	0	7,535,976	21,909,275
Fund Equity and Other Credits:									
Investment in General Fixed Assets	0	0	0	0	0	0	18,605,857	0	18,605,857
Retained Earnings - Unreserved	0	0	0	0	616,696	0	0	0	616,696
Fund Balances									
Reserved for Property Taxes	126,331	0	0	3,497	0	0	0	0	129,828
Reserved Cash Held in Trust	0	0	0	550,000	0	0	0	0	550,000
Reserved For Notes Receivable	0	0	0	0	0	128,045	0	0	128,045
Reserved for Encumbrances	194,230	31,496	0	3,935	0	1,777	0	0	231,438
Reserved for Textbooks and Instructional Items	58,994	0	0	0	0	0	0	0	58,994
Reserved for Budget Stabilization	180,940	0	0	0	0	0	0	0	180,940
Unreserved - Undesignated	16,845	77,225	25	321,327	0	953,533	0	0	1,368,955
Total Fund Equity and Other Credits	577,340	108,721	25	878,759	616,696	1,083,355	18,605,857	0	21,870,753
Total Liabilities, Fund Equity and Other Credits	\$14,068,763	\$326,676	\$25	\$1,286,519	\$774,190	\$1,182,022	\$18,605,857	\$7,535,976	\$43,780,028

The accompanying notes are an integral part of these statements.

**Ravenna City School District
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 All Governmental Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 2002**

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
	General	Special	Debt	Capital	Fund Type	
		Revenue	Service	Projects	Expendable Trust	
REVENUE:						
Taxes	\$9,509,155	\$0	\$0	\$352,871	\$0	\$9,862,026
Tuition and Fees	200,364	0	0	0	0	200,364
Intergovernmental	11,999,964	1,726,882	0	26,136	182,277	13,935,259
Interest	154,005	0	0	21,581	49,028	224,614
Extracurricular Activities	10,875	240,683	0	0	0	251,558
Other	338,154	20,751	0	0	1,275	360,180
Total Revenues	22,212,517	1,988,316	0	400,588	232,580	24,834,001
EXPENDITURES:						
Current						
Instruction						
Regular	9,640,360	486,882	0	5,667	0	10,132,909
Special	2,303,061	959,881	0	0	0	3,262,942
Vocational	652,897	20,344	0	0	0	673,241
Other Instruction	396,279	0	0	0	0	396,279
Adult Continuing Education	0	8,426	0	0	0	8,426
Support Services						
Pupil	1,454,510	96,015	0	0	0	1,550,525
Instructional Staff	576,859	250,502	0	0	0	827,361
Board of Education	53,706	0	0	0	0	53,706
Administration	2,124,726	110,249	0	0	0	2,234,975
Fiscal	558,494	13,932	0	7,567	770	580,763
Business	160,563	0	0	0	0	160,563
Operation and Maintenance of Plant	2,137,078	0	0	366,721	0	2,503,799
Pupil Transportation	847,280	11,514	0	0	0	858,794
Central	931,862	22,063	0	15,741	0	969,666
Operation of Non-Instructional Services	689	105,741	0	0	79,259	185,689
Extracurricular Activities	420,421	286,197	0	0	0	706,618
Debt Service						
Principal and Interest	0	0	107,588	772,183	0	879,771
Capital Outlay	879	0	0	0	1,120	1,999
Total Expenditures	22,259,664	2,371,746	107,588	1,167,879	81,149	25,988,026
Revenues Over (Under) Expenditures	(47,147)	(383,430)	(107,588)	(767,291)	151,431	(1,154,025)

(Continued)

The accompanying notes are an integral part of these statements.

**Ravenna City School District
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 All Governmental Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 2002**

	<u>Governmental Fund Types</u>				<u>Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
OTHER FINANCING SOURCES (USES):						
Refund of prior year receipts	\$0	\$(7,071)	\$0	\$0	\$0	\$(7,071)
Refund of prior year expenditures	156	1,080	0	0	0	1,236
Advances - Out	0	(2,770)	0	0	0	(2,770)
Operating Transfers - In	0	0	107,588	642,126	0	749,714
Operating Transfers - Out	(759,713)	(412)	0	0	0	(760,125)
Total Other Financing Sources (uses)	<u>759,557</u>	<u>9,173</u>	<u>(107,588)</u>	<u>(642,126)</u>	<u>0</u>	<u>19,016</u>
Total Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(806,704)	(392,603)	0	(125,165)	151,431	(1,173,041)
Fund Balances at Beginning of Year	<u>1,384,044</u>	<u>501,324</u>	<u>25</u>	<u>1,003,924</u>	<u>931,924</u>	<u>3,821,241</u>
Fund Balances at End of Year	<u>\$577,340</u>	<u>\$108,721</u>	<u>\$25</u>	<u>\$878,759</u>	<u>\$1,083,355</u>	<u>\$2,648,200</u>

The accompanying notes are an integral part of these statements.

Ravenna City School District
Combined Statement of Revenues, Expenses, and Changes in
Retained Earnings – All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2002

	<u>Enterprise</u>
OPERATING REVENUES:	
Sales	\$718,335
Tuition	<u>101,845</u>
Total Operating Revenues	<u>820,180</u>
OPERATING EXPENSES:	
Salaries and Wages	533,952
Fringe Benefits	166,283
Contract Services	140,565
Cost of Sales	402,855
Depreciation	<u>28,711</u>
Total Operating Expenses	<u>1,272,366</u>
Operating Loss	<u>(452,186)</u>
NON-OPERATING REVENUES:	
Donated Commodities	46,140
Operating Grants	401,374
Interest	<u>3,795</u>
Total Non-Operating Revenues	<u>451,309</u>
Net Income Before Operating Transfers	(877)
Operating Transfers In	10,402
Operating Transfers Out	(428)
Refund of Prior Year Receipts	(8)
Refund of Prior Year Expenditures	<u>12</u>
	<u>9,978</u>
Net Income	<u>9,101</u>
Retained Earnings at Beginning of Year	<u>607,595</u>
Retained Earnings at End of Year	<u><u>\$616,696</u></u>

The accompanying notes are an integral part of these statements.

**Ravenna City School District
 Combined Statement of Cash Flows
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2002**

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>Enterprise Funds</u>
Cash Flows from operating activities:	
Operating loss	\$ (452,186)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities	
Depreciation	28,711
Donated commodities in cost of sales	47,070
Change in assets and liabilities that increase (decrease) cash flow from operations	
Accounts receivable	(3,244)
Intergovernmental receivable	(456)
Inventory	(190)
Accounts payable	(1,803)
Accrued wages and benefits	10,221
Intergovernmental payable	(4,334)
Compensated Absences	9,071
Net cash used in operating activities	<u>(367,140)</u>
Cash flows from investing activities	
Additions to property, plant and equipment	<u>(7,904)</u>
Net cash used in investing activities	<u>(7,904)</u>
Cash flows from noncapital financing activities:	
Operating grants received	401,374
Other non-operating revenue	3,795
Net transfers in/out	<u>9,978</u>
Net cash provided by noncapital financing activities	<u>415,147</u>
Net increase in cash and cash equivalents	40,103
Cash and cash equivalents - beginning of year	<u>646,130</u>
Cash and cash equivalents - end of year	<u><u>\$ 686,233</u></u>
Noncash capital, investing and related financing activities	
Donated commodities received	\$ 46,140

The accompanying notes are an integral part of these statements.

**RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to accounting principles generally accepted in the United States of America (GAAP basis) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The school district also applies Financial Accounting Standards Board (FASB) statements interpretations issued on or before November 30, 1989 to its proprietary activities provided they do not conflict with or contradict GASB pronouncements.

1. *Description of the Entity*

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. The School District provides educational services as authorized by the State statute and/or federal guidelines.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the general purpose financial statements of the School District are not misleading. The primary government 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 of the School District.

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. The School District does not have any component units.

**RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

The following activity is included within the reporting entity.

Parochial School - Within the School District boundaries, Immaculate Conception School is operated through the Cleveland Catholic Diocese. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The activity of these State monies by the School District is reflected in a special revenue fund for financial reporting purposes.

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 Area Joint Vocational School, 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 Q, R and S to the general purpose financial statements.

2. *Basis of Presentation - Fund Accounting*

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

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

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

**RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

Governmental Fund Types:

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

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

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

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

Proprietary Fund Types:

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

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

**RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

Fiduciary Fund Types:

Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and other funds. These include expendable trust, nonexpendable trust, and agency funds. The expendable trust fund is accounted for in the same manner as governmental funds. The nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

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

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

3. *Measurement Focus and Basis of Accounting*

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

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

Basis of accounting refers to when revenues and expenditures or expenses are

**RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after year end. In applying the accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants and entitlements.

Nonexchange transactions, in which the District receives value without directly giving equal value in return include property taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise in the governmental funds when a potential revenue does not meet with the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2002 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2003 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities

**RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

revenue. Unused donated commodities are reported as deferred revenue.

4. *Budgetary Process*

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level for the general fund and the fund level for the remaining funds. Any budgetary modification at this level may only be made by resolution of the Board of Education. The Ravenna City School declined to present the Budgetary Statements as required by Generally Accepted Accounting Principles.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Stark County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year.

The Certificate may be further amended during the year if projected increases or

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decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final Amended Certificate issued during fiscal year 2002.

Appropriations:

Upon receipt from the County Fiscal Officer of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level within each function of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation resolution, the Board may pass a temporary resolution to meet the ordinary expenses of the School District. Appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balances for subsequent year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

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

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5. *Pooled Cash, Cash Equivalents and Investments*

To improve cash management, all cash received by the School District is pooled for all funds, including proprietary funds, and maintained in this pool or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 2002, investments were limited to money market funds, repurchase agreements, and U.S. Treasury Notes. All investments of the School District had a maturity of two years or less. Except for nonparticipating investments contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

The School District has invested funds in the State Treasury Assets Reserve (STAROhio) during fiscal year 2002. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2002.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original 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 considered to be investments.

6. *Inventory*

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Inventories consist of donated food, purchased food, and school supplies held for resale and are expensed when used. Materials and supplies inventory has not been reported in the governmental funds since the balance is insignificant.

7. *Restricted Assets*

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Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established.

8. *Fixed Assets and Depreciation*

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. The School District has established a capitalization threshold for fixed assets at \$1,000. Books, records, movies, and other learning aids kept at the School District Library are also included for reporting purposes. The School District does not possess any infrastructure.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund types is computed using the straight-line basis over an estimated useful life of five to ten years.

9. *Intergovernmental Revenues*

For governmental funds, intergovernmental revenue, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred and available. Other than commodities, grants and entitlements received for proprietary fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. The School District currently participates in several State and Federal programs, categorized as follows:

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Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase Reimbursement
Textbook and Materials

Special Revenue Funds

Disadvantaged Pupil Impact Aid

Non-Reimbursable Grants

Special Revenue Funds

Cooperative Learning
Venture Capital
Auxiliary Services
Education Management Information System
Public School Preschool
Title I
Title VI
Title VI-B
Drug Free Schools
Professional Development Block Grant

Capital Projects Funds

School Net Plus

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program
National School Breakfast Program
Government Donated Commodities

Grants and entitlements amounted to approximately fifty-three percent of the School District's operating revenue during the 2002 fiscal year.

10. *Compensated Absences*

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

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

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

11. *Accrued Liabilities and Long-Term Obligations*

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

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

Under Ohio law, a debt retirement fund may be created and used for the payment of tax and revenue anticipation notes. Accounting principles generally accepted in the United States of America requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School

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District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

12. *Interfund Transactions*

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

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

13. *Short-Term, Interfund Assets/Liabilities*

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

14. *Fund Balance Reserves*

The School District records reservations for 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 or expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, notes receivable, and for budget stabilization. The reserve for property taxes represents taxes recognized as revenue under accounting principles generally accepted in the United States of America but not available for appropriations under state statute. Notes receivable are loans made to students from the expendable trust fund.

15. *Estimates*

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

16. *Total Columns On General Purpose Financial Statements*

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

NOTE B – ACCOUNTABILITY

At June 30, 2002, the Public School, Disadvantaged Pupil Impact Aid, Job Training, Title VI-B, Title I, and Title VI-R special revenue funds had a deficit fund balance of \$9,486, \$25,598, \$5, \$2,709, \$53,069, and \$2,445, respectively, which were created by the application of generally accepted accounting principles. The General Fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

NOTE C - DEPOSITS AND INVESTMENTS

Statutes require the classification of 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,

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or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Protection of the 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 or deposited in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);

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7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies 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 District, and must be purchased with the expectation that it will be held to maturity.

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

1. Deposits

At fiscal year-end, the carrying amount of the School District's deposits was \$(563,798) and the bank balance was \$13,058. \$13,058 of the bank balance was covered by federal depository insurance. Although securities serving as collateral were held by the pledging financial institution trust department or agent in the School District's name and all State statutory requirements for the deposit of money have been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

2. Investments

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The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the School District's name.

The School District has invested funds in the State Treasury/Asset Reserve of Ohio (STAROhio) during 2002. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share prices, which is the price the investment could be sold for on June 30, 2002. This is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 1	Category 2	Category 3	Carrying Amount	Fair Value
Marketable Securities		\$39,637	\$ 0	\$ 39,637	\$ 39,637
Repurchase Agreement		0	1,195,000	1,195,000	1,195,000
U.S. Treasury Bonds and Notes		0	752,545	752,545	752,545
STAROhio		0	0	4,608,915	4,608,915
		<u>\$39,637</u>	<u>\$1,947,545</u>	<u>\$6,596,097</u>	<u>\$6,596,097</u>

The Classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined balance sheet and the classification per GASB Statement No. 3 is as follows:

Cash and Cash
Equivalents/

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	Deposits	Investments
GASB Statement No. 9	\$ 6,032,299	\$ 0
Investments:		
Marketable Securities	(39,637)	39,637
U.S. Treasury Notes	(752,545)	752,545
Repurchase Agreement	(1,195,000)	1,195,000
STAROhio	(4,608,915)	4,608,915
GASB Statement No. 3	\$ (563,798)	\$ 6,596,097

NOTE D - NOTES RECEIVABLE

The special trust expendable 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. Repayments begin six months after termination of college attendance.

At the close of fiscal year 2002, there are 84 students with a total principal loan balance outstanding of \$128,045, which is fully collectible.

NOTE E - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31, of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of the appraised property taxes. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

The assessed values upon which fiscal year 2002 taxes were collected are:

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	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$239,567,840	79.30	\$252,571,249	81.68
Public Utility	15,668,930	5.18	14,162,320	4.58
Tangible Personal Property	46,882,392	15.52	42,478,773	13.74
Total Assessed value	<u>\$302,119,162</u>	<u>100.00%</u>	<u>\$309,212,342</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 68.28		\$ 61.44	

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.

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

The School District receives property taxes from Portage County. The County 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, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2002, was \$126,331 and \$3,497 in the general fund and capital projects fund, respectively.

NOTE F - RECEIVABLES

Receivables at June 30, 2002, consisted of taxes, accounts (rent, billings for user

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charged services, and student fees), intergovernmental grants, and interest. 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 fiscal year guarantee of federal funds.

NOTE G - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the School District contracted with Nationwide Insurance for property and fleet insurance, liability insurance and inland marine coverage. Coverages provided by Nationwide Insurance are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$68,449,300
Inland Marine Coverage (zero deductible)	225,471
Boiler and Machinery (zero deductible)	23,434,300
Automobile Liability (\$100 deductible)	2,000,000
Uninsured Motorists (\$250 deductible)	300,000
General Liability	
Per occurrence	2,000,000
Total per year	\$ 5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from last year.

For fiscal year 2002, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

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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 School 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 a common fund from which claim payments are made for all participants regardless of claims 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 \$565.82 for family coverage and \$232.84 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 \$72.92 for family coverage and \$29.57 for single coverage per employee per month.

NOTE H - DEFINED BENEFIT PENSION PLANS

1. School Employees Retirement System

Ravenna City School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit 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 State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215-3746.

Plan members are required to contribute nine (9) percent of their annual covered salary and Ravenna City School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 2002, 9.02 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The Ravenna City School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$517,812, \$442,098, and \$335,897, respectively; 48 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$267,925, representing the unpaid contribution for fiscal year 2002, is recorded as

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a liability within the respective funds and the general long-term obligations account group.

2. State Teachers' Retirement System

Ravenna City School District contributes to the State Teachers' Retirement System of Ohio (STRS), a cost-sharing multiple employer retirement system administered by the State Teachers' Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers' Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and Ravenna City School District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$1,801,104, \$1,600,428, and \$1,371,022, respectively; 82 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$319,470, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

3. Social Security

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, 2002, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE I - POST-EMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired

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teachers and their dependents through the State Teachers' Retirement System (STRS), and to retired noncertified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers' Retirement 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 the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board allocated employer contributions equal to 4.5 percent of covered payroll to Health Care Reserve Fund.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.256 billion at June 30, 2001. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For the fiscal year, employer contributions to fund health care benefits were 9.8 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001, were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available

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for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE J - EMPLOYEE BENEFITS

1. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 280 days for classified employees with no limit for certified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 57 days for classified employees and 85 days for certified employees.

2. Health, Dental and Life Insurance

The School District provides health, dental, and life insurance and accidental death and dismemberment insurance to its employees. Life insurance is provided through the Stark County School Council of Government Health Benefits Program.

NOTE K - CAPITAL LEASES - LESSEE DISCLOSURE

The School District has entered into capitalized leases for equipment and furniture and fixtures. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting of Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements.

These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets leased equipment has been capitalized in the general fixed assets account group in the amount of \$5,640,462. This amount represents the present value of the minimum lease payments at the time of

**RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

acquisition. A corresponding liability was recorded in the general long-term obligations account group.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2002.

<u>Fiscal Year Ending June 30,</u>	<u>GLTOAG</u>
2003	\$ 766,248
2004	763,368
2005	759,273
2006	758,835
2007	761,814
2008-2009	<u>1,516,229</u>
Total	5,325,767
Less: Amount Representing Interest	<u>(810,767)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 4,515,000</u></u>

NOTE L - INTERFUND

Interfund balances at June 30, 2002, consist of the following individual fund receivables and payables:

Interfund Receivable/Payable		
<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 3,442	
Special Revenue Title VI-B		\$ 3,442
Total Interfund Receivable / Payable	<u>\$ 3,442</u>	<u>\$ 3,442</u>

NOTE M - LONG-TERM OBLIGATIONS

Energy Conservation Bonds - On March 1, 1994, Ravenna School District issued \$825,000 in unvoted general obligation bonds for the purpose of providing energy

**RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

conservation measures for the School District, under the 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 2004. The bonds will be retired from the debt service fund.

Capital leases will be paid from the Capital Projects Fund. Compensated absences and the intergovernmental obligation, which represent contractually required pension contributions paid outside the available period, will be paid from the fund from which the employee's salaries are paid.

The changes in the School District's long-term obligations during fiscal year 2002 are as follows:

	Principal Outstanding 6/30/01	Additions	Deductions	Principal Outstanding 6/30/02
Energy Conservation Bond 1994 - 5.25%	\$ 380,000	\$ 0	\$ (90,000)	\$ 290,000
Capital Leases	5,045,569	0	(530,569)	4,515,000
Pension Obligations	178,368	195,718	(178,368)	195,718
Compensated Absences	2,306,598	228,660	0	2,535,258
Total General Long-term Obligations	<u>\$ 7,910,535</u>	<u>\$ 424,378</u>	<u>\$ (798,937)</u>	<u>\$ 7,535,976</u>

Principal and interest requirements to retire general obligation bonded debt at June 30, 2002 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2003	\$ 95,000	\$ 12,731	\$ 107,731
2004	95,000	7,744	102,744
2005	100,000	2,625	102,625
Total	<u>\$ 290,000</u>	<u>\$ 23,100</u>	<u>\$ 313,100</u>

NOTE N - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2002 follows:

**RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

Furniture and Equipment	\$ 259,347
Less Accumulated Depreciation	<u>(239,925)</u>
Net Fixed Assets	<u><u>\$ 19,422</u></u>

A summary of the changes in general fixed assets during the fiscal year 2002 follows:

Asset Category	Balance at 6/30/01	Additions	Deductions	Balance at 6/30/02
Land and Improvements	\$ 623,715	\$ 0	\$ 0	\$ 623,715
Buildings and Improvements	7,329,351	0	0	7,329,351
Furniture, Fixtures and Equipment	3,308,836	168,104	0	3,476,940
Vehicles	1,472,981	142,408	80,000	1,535,389
Leased Equipment	5,640,462	0	0	5,640,462
Totals	<u><u>\$ 18,375,345</u></u>	<u><u>\$ 310,512</u></u>	<u><u>\$ 80,000</u></u>	<u><u>\$ 18,605,857</u></u>

NOTE O - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies, and special enterprise. The table below reflects the more significant financial data relating to the enterprise funds of the Ravenna City School District as of and for the fiscal year ended June 30, 2002.

<u>Food</u>	<u>Uniform School</u>	<u>Special</u>	<u>Total Enterprise</u>
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**RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

	Service	Supplies	Enterprise	Funds
Operating Revenues	\$ 467,380	\$ 82,067	\$ 270,733	\$ 820,180
Operating Expenses				
Before Depreciation	902,333	80,591	260,731	1,243,655
Depreciation	28,711	0	0	28,711
Operating Income (Loss)	(463,664)	1,476	10,002	(452,186)
Operating Grants	401,374	0	0	401,374
Net Income (Loss)	(14,206)	11,456	11,851	9,101
Net Working Capital	272,039	27,128	298,107	597,274
Total Assets	416,146	27,128	330,916	774,190
Total Equity	291,461	27,128	298,107	616,696
Reserve for Encumbrances	2,708	58	11,126	13,892

NOTE P - JOINTLY GOVERNED ORGANIZATIONS

Stark-Portage Area Computer Consortium - The School District is a participant in the Stark-Portage Area Computer Consortium. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computer and other electronic equipment to administrative and instructional functions among member districts. The governing board of SPARCC consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. Financial information can be obtained from Carmela Lioi, who serves as Director of Administration, at 2100 38th Street N.W., Canton, Ohio 44709.

Maplewood Area Joint Vocational School - The 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 Maplewood Area Joint Vocational School, Doris Hart, who serves as Treasurer, at 7075 State Route 88, Ravenna, Ohio 44266-9131.

NOTE Q - POOLS

1. *Insurance Purchasing Pool*

**RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

Ohio School Board's Association Workers' Compensation Group Rating Plan - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school district pays an enrollment fee to the GRP to cover the costs of administering the program.

2. Risk Sharing Pool

The Stark County School's Council of Governments Health Benefits Program - The benefits program is a shared risk pool comprised of three counties and twenty-five school districts. The consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services.

NOTE R - RELATED ORGANIZATION

Reed Memorial Public Library - 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 S - CONTINGENCIES

1. Grants

**RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

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 June 30, 2002.

2. *School Foundation Money*

On September 6, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2002, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**RAVENNA CITY SCHOOL DISTRICT
PORTAGE COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

3. *Litigation*

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

NOTE T - OTHER REQUIRED FUND DISCLOSURES

Set-Aside Requirements

State of Ohio House Bill 412 requires the School District to set-aside a portion of their general operating resources for future use. For the fiscal year ended June 30, 2002, the following table discloses the required set-asides.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 2001	\$ 0	\$ 0	\$ 180,940	\$ 180,940
Current Year Set-aside Requirements	423,223	423,223	0	846,446
Current Year Offsets	0	0	0	0
Qualifying Disbursements	<u>(364,229)</u>	<u>(1,131,312)</u>	<u>0</u>	<u>(1,495,541)</u>
Total	<u>\$ 58,994</u>	<u>\$ (708,089)</u>	<u>\$ 180,940</u>	
Cash Balance Carried Forward to FY 2003	<u>\$ 58,994</u>	<u>\$ 0</u>	<u>\$ 180,940</u>	
Total Restricted Assets				<u>\$ 239,934</u>

The School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero. Effective in the current fiscal year, these extra amounts may not be used to reduce the set-aside requirements of future years.

NOTE U – RESTATEMENT OF PRIOR YEAR FUND BALANCE

At June 30, 2001, a fund reclassification decreased the agency fund from \$69 to \$0.

**RAVENNA CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

FEDERAL GRANTOR/ SUB GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL CASH RECEIPTS	OTHER FEDERAL RECEIPTS	FEDERAL CASH DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE/					
Passed-through the Ohio Department of Education:					
<i>Child Nutrition Cluster:</i>					
National School Lunch Program	10.555	\$348,344	\$0	\$348,344	\$0
Food Distribution Program	10.550	0	46,140	0	46,677
School Breakfast Program	10.553	52,575	0	52,575	0
Total U.S. Department of Agriculture - Child Nutrition Cluster		400,919	46,140	400,919	46,677
U.S. DEPARTMENT OF EDUCATION/					
Passed-through the Ohio Department of Education:					
Agencies (Title I of ESEA)	84.010	430,261	0	598,005	0
<i>Special Education Cluster:</i>					
Special Education Assistance to States for Handicapped Children Fund (Title VI-B of ESEA) - Flow-through	84.027	314,088	0	341,865	0
		314,088	0	341,865	0
Special Education - Preschool Grant	84.173	17,283	0	15,117	0
Total Special Education Cluster		331,371	0	356,982	0
Vocational Education - Vocation Travel	84.048	0	0	0	0
Federal, State, and Local Partnerships for Educational Improvement (Title VI of ESEA)	84.281	19,861	0	20,543	0

**RAVENNA CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

FEDERAL GRANTOR/ SUB GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL CASH RECEIPTS	OTHER FEDERAL RECEIPTS	FEDERAL CASH DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
Chapter 2 - Consolidation of Federal Programs for Elementary and Secondary	84.298	16,010	0	15,806	0
Goals 2000	84.276	0	0	122,327	0
Drug Free Schools Grant	84.186	14,377	0	14,178	0
Even Start Program	84.213	158,210	0	146,751	0
Title VI-R	84.340	101,747	0	115,785	0
Schoolnet - Raising the Bar	84.318	-	0	11,438	0
Total U.S. Department of Education		1,071,837	0	1,401,814	0
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed-through the Ohio Department of MRDD Medical Assistance Program	93.778	114,887	0	114,887	0
		114,887	0	114,887	0
CORPORATION OF NATIONAL AND COMMUNITY SERVICES					
Passed-through the Ohio Department of Education: Learn and Serve America - School and Community Based Programs	94.004	0	0	4,658	0
Total Corporation of National and Community Services		0	0	4,658	0
		\$ 1,587,643	\$ 46,140	\$ 1,922,279	\$ 46,677

**Independent Auditors' Report on Compliance and on Internal Control Over
Financial Reporting Based on an Audit of General Purpose Financial Statements
Performed in Accordance with Government Auditing Standards**

Board of Education
Ravenna City School District
Ravenna, Ohio 44266

We have audited the general purpose financial statements of the Ravenna City School District (the District), as of and for the year ended June 30, 2002 and have issued our report thereon dated November 25, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The Ravenna City School District declined to present the Budgetary Statements as required by Generally Accepted Accounting Principles.

Compliance

As part of obtaining reasonable assurance about whether Ravenna City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying Schedule of Findings as noted as item 2002-01.

Internal Control over Financial Reporting

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

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Moore Stephens Apple

Akron, Ohio
November 25, 2002

**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133**

Board of Education
Ravenna City School District
Ravenna, OH 44266

Compliance

We have audited the compliance of Ravenna City School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. Ravenna City School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Ravenna City School District's management. Our responsibility is to express an opinion on Ravenna City School 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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ravenna City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Ravenna City School District's compliance with those requirements.

In our opinion, Ravenna City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Moore Stephens Apple

Akron, Ohio
November 25, 2002

**Ravenna City School District
Portage County**

**Schedule of Findings and Questioned Costs
June 30, 2002**

1. Summary of Auditors' Results

Qualified opinion was issued on the financial statements.

Material control weaknesses at the financial statement level - none noted.

Other reportable control weaknesses at the financial statement level - none noted.

There was a material instance of non-compliance at the financial statement level.

Reportable control weaknesses for major federal programs - none noted.

For those items tested, there was no material non-compliance for major federal programs.

Unqualified opinion was issued on major programs compliance.

The audit disclosed no findings under OMB Circular A-133.

The District's major program tested was Title 1, CFDA 84.010 and the Special Education to States and Special Education – Preschool Grants Cluster CFDA #84.027, 84.173.

Type A Programs >\$300,000 and Type B programs were all other programs.

The Auditee was low risk.

2. There were no audit findings or questioned costs for federal awards during the year ended June 30, 2002.
3. There were audit findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards for the year ended June 30, 2002.

**Ravenna City School District
Portage County**

**Schedule of Findings and Questioned Costs - Continued
June 30, 2002**

**Findings related to the Financial Statements
Required to be Reported in accordance with GAGAS**

Finding Number 2002-01

Expenditures Exceeding Appropriations

Ohio Revised Code Section 5705.41(B) states that no subdivision is to expend money unless it has been appropriated in accordance with Chapter 5705, Revised Code. Under Section 5705.38, Revised Code, a board of education must adopt an annual appropriation measure, and the annual appropriation measure may be amended by supplemental appropriation measures, based on the school district's tax budget and official certificate of estimated resources, as amended.

Appropriations were not amended during the fiscal year, therefore, the following funds had expenditures which exceeded appropriations for fiscal year 2002.

<u>Fund Type/Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue Funds			
018 Public School Support	\$177,523	\$115,100	\$62,423
019 Martha Holden Jennings Grant	25,997	17,791	8,206
300 Athletic	132,740	95,250	37,490
401 Auxiliary Services	92,223	67,341	24,882
425 Early Childhood Education	294	0	294
432 M.I.S.	11,010	3,458	7,552
459 Ohio Reads Grant	27,355	15,000	12,355
499 Parent Mentorship	31,497	25,417	6,080
514 Title II	20,543	19,058	1,485
516 Title VI-B	341,865	91,005	250,860
572 Title I	744,755	199,143	545,612
573 Title VI	15,806	0	15,806
584 Drug Free Schools Grant	14,178	3,165	11,013
587 Preschool Disabilities Grant	15,117	3,514	11,603
590 Title VI-R Grant 2002	86,999	0	86,999
599 Title VI-R Grant 2001	100,704	72,881	27,823
Capital Projects Fund			
003 Permanent Improvement	1,131,312	426,494	704,818
450 Schoolnet	16,641	15,741	900
Internal Service Fund			
014 Rotary	8,000	785	7,215
Fiduciary Funds			
008 Endowment	500	250	250
200 Student Activities	210,776	69,330	141,446

No supplemental appropriation measure was passed during the fiscal year.

We recommend to the School District to amend appropriations throughout the fiscal year. If the School District determines that the expenditures will exceed the current level of appropriations, an appropriate supplemental appropriation measure should be passed. Proper monitoring of the budgetary activity by the Fiscal Officer would enable management to make such determinations, and more effectively monitor the activities of the School District.

Ravenna City School District - Portage County

**Schedule of Prior Audit Findings
June 30, 2002**

The prior audit report of the Ravenna City School District, issued as of June 30, 2001, included no citations and no recommendations.



**Auditor of State
Betty Montgomery**

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Facsimile 614-466-4490

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 6, 2003**