



ALGER & ASSOCIATES, Inc.

Certified Public Accountants

RAVENNA TOWNSHIP
PORTAGE COUNTY, OHIO

REGULAR AUDIT
A&A

FOR THE YEARS ENDED

DECEMBER 31, 2013



Dave Yost • Auditor of State

Board of Trustees
Ravenna Township
6115 Spring Street
Ravenna, OH 44266

We have reviewed the *Independent Auditor's Report* of Ravenna Township, Portage County, prepared by Alger & Associates, Inc., for the audit period January 1, 2013 through December 31, 2013. 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. Ravenna Township is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

December 30, 2014

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RAVENNA TOWNSHIP
PORTAGE COUNTY

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ALGER & ASSOCIATES, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Ravenna Township
Portage County
6115 Spring Street
Ravenna, OH 44266

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Ravenna Township, Portage County, Ohio (the Township) as of and for the year ended December 31, 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1B of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Ravenna Township, Portage County as of December 31, 2013, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Emphasis of Matter

As discussed in Note 1F to the financial statements, during 2013, the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2014, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Alger & Associates, Inc.

Alger & Associates, Inc.
Certified Public Accountants
North Canton, OH
November 11, 2014

RAVENNA TOWNSHIP
PORTAGE COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts:					
Property and Other Local Taxes	\$329,724	\$1,007,450	\$0	\$0	\$1,337,174
Charges for Services	0	207,777	0	0	207,777
Licenses, Permits and Fees	94,336	3,815	0	0	98,151
Fines and Forfeitures	34	0	0	0	34
Intergovernmental	42,854	161,609	0	0	204,463
Special Assessments	0	2,678	0	0	2,678
Earnings on Investments	872	94	0	3	969
Miscellaneous	2,264	19,799	0	0	22,063
Total Cash Receipts	470,084	1,403,222	0	3	1,873,309
Cash Disbursements:					
Current:					
General Government	241,143	36,188	0	0	277,331
Public Safety	17,790	851,993	0	0	869,783
Public Works	800	353,983	0	0	354,783
Health	124,717	0	0	0	124,717
Human Services	0	3,546	0	0	3,546
Capital Outlay	1,548	47,886	20,368	0	69,802
Total Cash Disbursements	385,998	1,293,596	20,368	0	1,699,962
Total Receipts Over/(Under) Disbursements	84,086	109,626	(20,368)	3	173,347
Other Financing Receipts/(Disbursements):					
Transfers In	0	40,000	0	0	0
Transfers Out	(40,000)	0	0	0	0
Advances In	5,000	5,000	0	0	0
Advances Out	(5,000)	(5,000)	0	0	0
Other Financing Uses	0	0	0	0	0
Total Other Financing Receipts/(Disbursements)	(40,000)	40,000	0	0	0
Net Change in Fund Cash Balances	44,086	149,626	(20,368)	3	173,347
Fund Cash Balance, January 1 (restated)	762,480	515,642	627,463	6,388	1,911,973
Fund Cash Balance, December 31					
Nonspendable	0	0	0	5,000	5,000
Restricted	0	504,104	595,677	1,391	1,101,172
Committed	66,079	147,616	11,418	0	225,113
Assigned	0	13,548	0	0	13,548
Unassigned (Deficit)	740,487	0	0	0	740,487
Fund Cash Balance, December 31	\$806,566	\$665,268	\$607,095	\$6,391	\$2,085,320

The notes to the financial statements are an integral part of this statement

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RAVENNA TOWNSHIP
PORTAGE COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
AGENCY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Agency</u>
Operating Cash Disbursements:	
Other	\$32,016
Non-Operating Receipts/Disbursements	
Miscellaneous Receipts	44,016
Net Change in Fund Cash Balances	12,000
Fund Cash Balance, January 1	0
Fund Cash Balance, December 31	<u><u>\$12,000</u></u>

The notes to the financial statements are an integral part of this statement

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**RAVENNA TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Ravenna Township, Portage County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township participates in a public entity risk pool. Notes 6 to the financial statements provides additional information for these entities. This organization is: Ohio Township Association Risk Management Authority (OTARMA). This is a risk sharing pool available to all Townships for property and casualty insurance coverage.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township invests in STAR Ohio (State Treasurer's Investment Pool) are recorded at share values reported by the State Treasurer.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**RAVENNA TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire District Fund - This fund receives property tax money to assist the residents of Ravenna Township with fire emergency and safety.

Ambulance and Emergency Fund - This fund receives EMS payments from people and insurance companies requesting ambulance service from the Township.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had one capital project fund. The Township received a grant from the State of Ohio for road improvements

4. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

The Township has one such fund, the Flagpole Fund. The Flagpole Fund utilizes the interest revenue earned from the \$5,000 principal balance established by the agreement for the upkeep and maintenance of the flag pole in front of the Portage County Courthouse.

**RAVENNA TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

5. Fiduciary Funds (agency fund)

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township had the following agency fund.

Fire Loss Fund – This fund is used to account for insurance proceeds from resident's claims that have suffered a fire loss.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2013 budgetary activity appears in Note 4.

RAVENNA TOWNSHIP
PORTAGE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)

1. Summary of Significant Accounting Policies (continued)

F. Fund Balance

The Township has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned. This change has no effect on the previously stated fund balances.

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. **Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. **Restricted**

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

3. **Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**RAVENNA TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

1. Summary of Significant Accounting Policies (continued)

F. Fund Balance

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

G. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investment

The Township maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2013
Demand deposits	<u>\$753,266</u>
Other time deposits (savings and NOW accounts)	<u>852,353</u>
Total deposits	<u>1,605,619</u>
STAR Ohio	<u>491,701</u>
Total deposits and investments	<u><u>\$2,097,320</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**RAVENNA TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

2. Equity in Pooled Deposits and Investments (continued)

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. Restatement of Prior Year Fund Balance:

In the prior years, two bank accounts were not included on the Township's accounting system. A payroll account and the Neighborhood Development Corporation account. Adjustments were made to the financial statements.

	General
Fund Cash Balance - December 31, 2012	\$736,494
Bank accounts not included on the books	<u>25,986</u>
Fund Cash Balance – January 1, 2013	<u>\$762,480</u>

4. Budgetary Activity

Budgetary activity for the year ending 2013 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$527,261	\$470,084	(\$57,177)
Special Revenue	1,484,849	1,443,222	(41,627)
Capital Projects	50	0	(50)
Permanent	50	3	(47)
Total	\$2,012,210	\$1,913,309	(\$98,901)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,251,899	\$492,077	\$759,822
Special Revenue	1,944,376	1,446,150	498,226
Capital Projects	626,752	31,786	594,966
Permanent	1,430	0	1,430
Total	\$3,824,457	\$1,970,013	\$1,854,444

Contrary to Ohio law, total appropriations exceeded actual resources available.

**RAVENNA TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

5. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

6. Retirement Systems

The Township's certified firefighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. From January 1, 2012 through July 1, 2013, OP&F plan members were required to contribute 10% of their annual covered salary. From July 2, 2013 through December 31, 2013, OP&F plan members were required to contribute 10.75% of their annual covered salary. The Township contributed to OP&F an amount equal to 24% of fulltime fire fighters' wages. OPERS members contributed 10% of their gross. For 2013, the Township contributed to OPERS an amount equal to 14% of members' gross wages.

Social Security

Effective July 1, 1991, all employees not otherwise covered by the OPERS use Social Security. Part-time firefighters of the Township are members of Social Security as they are exempt from OPERS.

The Township has paid all contributions required through December 31, 2013.

7. Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**RAVENNA TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

7. Risk Management (continued)

The Township is exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

Casualty and Property Coverage

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2012 (the latest information available):

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	<u>(8,486,363)</u>	<u>(9,355,082)</u>
Net Position	<u>\$26,467,923</u>	<u>\$25,416,188</u>

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$10,000.

**RAVENNA TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

7. Risk Management – (continued)

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>
<u>2013</u>
\$18,800

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. Related Party Transactions

A Township Trustee is an employee of a company from which the Township acquires supplies during the year. The Township paid \$4,245 for 2013 for these supplies.

9. Joint Ventures

On February 14, 1997 the Township and the City of Ravenna (City) entered into a contract to jointly establish the Union Cemetery which is located between the Township and the City. The Cemetery previously belonged to the Township and was known as the "Maple Grove Cemetery". The Cemetery is now governed by the Board of Cemetery Trustees. The Board consists of three members, one or more must be a member of the City and a member of the Township. Funding sources of the Cemetery are financial support from the two parties, sale of cemetery lots, and other miscellaneous revenues. The Township and the City share operating costs based on prorated property valuations of each entity to the whole and this proration shall be revised annually. For the year 2013, the prorated percentages were 57 percent for the Township and 43 percent for the City.

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ALGER & ASSOCIATES, Inc.

Certified Public Accountants

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

Ravenna Township
Portage County
6115 Spring Street
Ravenna, Ohio 44266

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statements of Ravenna Township, Portage County, (the Township) as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated November 11, 2014 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, and wherein the Township adopted Governmental Accounting Standards Board Statement No. 54 in 2013.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency in internal control. We consider finding 2013-002 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2013-001.

Entity's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alger & Associates, Inc.

Alger & Associates, Inc.
Certified Public Accountants
North Canton, Oh 44720
November 11, 2014

RAVENNA TOWNSHIP
PORTAGE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2013

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

FINDING NUMBER 2013-001

Noncompliance Citation

Ohio Revised Code section 5705.36 (A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

5705.36 (A) (3) requires obtaining an increased amended certificate from the budget commission if the legislative authority intends to appropriate and expend excess revenue.

5705.36 (A) (4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

During 2013, the following funds had total appropriations which exceeded actual resources available:

Fund	Total Appropriations	Total Actual Resources	Variance
General Fund	\$1,251,899	\$1,168,589	\$83,310
Motor Vehicle License	80,050	75,141	4,909
Road & Bridge	543,097	533,418	9,679
Ambulance & ER	315,731	275,261	40,470
Special Assessments	6,849	991	5,858
Capital Projects	626,752	615,711	11,041

We recommend the Township monitor budgetary financial reports throughout the year and amend estimated resources, as needed, by resolution.

RAVENNA TOWNSHIP
PORTAGE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2013

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

Entity's Response to Finding

Finding number 2013-001

The prior Fiscal Officer failed to make the appropriate adjustments in a timely manner. The current Fiscal Officer was appointed on December 17, 2013 to fill the unexpired term left open by the resignation of the prior Fiscal Officer. When the current Fiscal Officer came in to the position, she was unaware that appropriations exceeded actual resources. When the problem was discovered, it was too late to make corrections to 2013. The current Fiscal Officer has made adjustments to the appropriation and revenue budgets for 2014 and financial reports will continue to be monitored so that the error is not repeated in the future.

FINDING NUMBER 2013-002

Significant Deficiency:

Bank Accounts/Cash Reconciliation

During 2013, the prior Fiscal Officer excluded two bank accounts from the monthly bank reconciliations and financial statement activity. One bank account was a payroll clearing account which had been in existence for several years, but not utilized. The other bank account has also been in existence for several years for the funds used for the Township's Revolving Loan grant program administered by the Neighborhood Development Corporation.

Sound financial reporting is the responsibility of the Fiscal Officer and Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

In order to ensure the completeness and accuracy of the Township's accounting records, an adequate system of internal controls requires that monthly reconciliations be performed between the fund ledgers and bank depository. To be effective, these reconciliations should include all bank accounts for the Township.

As a result of these conditions, errors, irregularities, or misappropriation of assets may occur and not be detected within a timely period. The above procedures will help strengthen internal accounting controls, reduce errors, and provide adequate documentation for financial statement presentation.

Adjustments were required to restate the beginning fund balance for the General Fund a funds by \$25,986 to reconcile with the amounts on deposit with the Township's financial institutions.

RAVENNA TOWNSHIP
PORTAGE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2013
(Continued)

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

FINDING NUMBER 2013-002

Significant Deficiency:

Bank Accounts/Cash Reconciliation (continued)

To ensure the Township's financial statements are complete and accurate, the Township should include both bank accounts on their financial statements and in the UAN system. These accounts should also be included within their monthly reconciliations. All financial transactions should following the normal budgetary process and expenditures should be approved by the Board. This will help ensure the Township financial statements are complete and accurate. The current Fiscal Officer has made the appropriate adjustments to the UAN system.

Entity's Response to Finding

Finding number 2013-002

When the current Fiscal Officer became aware of the two bank accounts that were not on the books, she immediately notified the Trustees and they requested an audit of 2013 records. Both bank accounts date back to 1995 and since neither account was on the books of the Township, none of the transactions running through the accounts were included in previous audits. The payroll account was a clearing sweep account that held the same balance for several years and was used to pass the federal tax payment along to the jurisdiction. All federal tax payments were made timely and properly credited. The Revolving Loan Fund account was used in conjunction with Neighborhood Development Services' administration of those funds. The current Township Officials are working with the Auditor of State's office to determine the proper course of action in auditing the transactions that occurred in prior years.

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Dave Yost • Auditor of State

RAVENNA TOWNSHIP

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
JANUARY 6, 2015**