



**RAVENNA TOWNSHIP
PORTAGE COUNTY**

SINGLE AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**RAVENNA TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Ravenna Township
Portage County
7076 State Route 14
Ravenna, Ohio 44266

To the Board of Trustees:

We have audited the accompanying financial statements of Ravenna Township, Portage County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Ravenna Township, Portage County, Ohio, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Township taken as a whole. The accompanying schedules of federal awards expenditures are 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 are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2000 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 grants.

This report is intended solely for the information and use of management, the Board of Trustees, federal awarding agencies, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Jim Petro
Auditor of State

September 7, 2000

**RAVENNA TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$277,215	\$622,643		\$899,858
Intergovernmental	191,664	254,585	\$89,333	535,582
Special Assessments		345		345
Charges for Services		162,741		162,741
Licenses, Permits, and Fees	33,573	7,920		41,493
Fines, Forfeitures, and Penalties	89			89
Earnings on Investments	99,350	4,742	4,459	108,551
Other Revenue	84,279	16,042		100,321
Total Cash Receipts	<u>686,170</u>	<u>1,069,018</u>	<u>93,792</u>	<u>1,848,980</u>
Cash Disbursements:				
Current:				
General Government	158,832	23,457		182,289
Public Safety		597,066		597,066
Public Works	33,212	335,014		368,226
Health	86,265			86,265
Human Services	8,483			8,483
Debt Service:				
Redemption of Principal	500,000			500,000
Interest and Fiscal Charges	20,250			20,250
Capital Outlay	11,019	296,720	722,149	1,029,888
Total Cash Disbursements	<u>818,061</u>	<u>1,252,257</u>	<u>722,149</u>	<u>2,792,467</u>
Total Receipts Over/(Under) Disbursements	<u>(131,891)</u>	<u>(183,239)</u>	<u>(628,357)</u>	<u>(943,487)</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes	500,000			500,000
Transfers-In		74,127	122,197	196,324
Advances-In	17,836		40,000	57,836
Transfers-Out	(96,324)	(100,000)		(196,324)
Advances-Out	(40,000)		(17,836)	(57,836)
Total Other Financing Receipts/(Disbursements)	<u>381,512</u>	<u>(25,873)</u>	<u>144,361</u>	<u>500,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>249,621</u>	<u>(209,112)</u>	<u>(483,996)</u>	<u>(443,487)</u>
Fund Cash Balances, January 1	<u>1,151,536</u>	<u>913,315</u>	<u>483,996</u>	<u>2,548,847</u>
Fund Cash Balances, December 31	<u>\$1,401,157</u>	<u>\$704,203</u>		<u>\$2,105,360</u>
Reserve for Encumbrances, December 31		<u>\$178,763</u>		<u>\$178,763</u>

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

**RAVENNA TOWNSHIP
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Nonexpendable Trust Fund
Operating Cash Receipts:	
Interest	\$326
Total Operating Cash Receipts	326
Net Receipts Over/(Under) Disbursements	326
Fund Cash Balances, January 1	6,252
Fund Cash Balances, December 31	\$6,578
Reserve for Encumbrances, December 31	

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

**RAVENNA TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$284,026	\$689,977		\$974,003
Intergovernmental	289,931	284,270		574,201
Special Assessments		344		344
Charges for Services		106,609		106,609
Licenses, Permits, and Fees		12,694		12,694
Fines, Forfeitures, and Penalties	464			464
Earnings on Investments	83,778	2,791	\$8,670	95,239
Other Revenue	110,665	41,517		152,182
	<u>768,864</u>	<u>1,138,202</u>	<u>8,670</u>	<u>1,915,736</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	158,929	26,038		184,967
Public Safety		558,218		558,218
Public Works	18,836	300,512		319,348
Health	71,701			71,701
Human Services	7,263			7,263
Capital Outlay	1,585	85,792	164,674	252,051
	<u>258,314</u>	<u>970,560</u>	<u>164,674</u>	<u>1,393,548</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>510,550</u>	<u>167,642</u>	<u>(156,004)</u>	<u>522,188</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes			500,000	500,000
Transfers-In		70,500	140,000	210,500
Transfers-Out	(210,500)			(210,500)
	<u>(210,500)</u>	<u>70,500</u>	<u>640,000</u>	<u>500,000</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	300,050	238,142	483,996	1,022,188
Fund Cash Balances, January 1	<u>851,486</u>	<u>675,173</u>		<u>1,526,659</u>
Fund Cash Balances, December 31	<u>\$1,151,536</u>	<u>\$913,315</u>	<u>\$483,996</u>	<u>\$2,548,847</u>
Reserve for Encumbrances, December 31		<u>\$839</u>		<u>\$839</u>

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

**RAVENNA TOWNSHIP
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Nonexpendable Trust Fund
Operating Cash Receipts:	
Interest	\$322
Total Operating Cash Receipts	322
Net Receipts Over/(Under) Disbursements	322
Fund Cash Balances, January 1	5,930
Fund Cash Balances, December 31	\$6,252
Reserve for Encumbrances, December 31	

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

**RAVENNA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ravenna Township, Portage County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, fire protection and emergency medical services. The Township contracts with the Portage County Sheriff to provide police protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. 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.

**RAVENNA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire District Fund - This fund receives property tax money to pay for fire protection for citizens of the Township.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township's significant capital project fund was the Spring Street Addition Fund, which the Township received a loan guarantee in 1998 from the United States Department of Agriculture to put an addition on the fire station.

4. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township's significant nonexpendable trust fund is the Flag Pole Fund which utilizes interest revenues for the upkeep and maintenance of the flag pole in front of the Portage County Courthouse. The \$5,000 principal must remain intact.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (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. The County Budget Commission must also approve the annual appropriation measure. 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 also 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 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**RAVENNA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$134,591	\$198,072
STAR Ohio	<u>1,977,347</u>	<u>2,357,027</u>
Total deposits and investments	<u><u>\$2,111,938</u></u>	<u><u>\$2,555,099</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,082,931	\$1,186,170	\$103,239
Special Revenue	1,124,190	1,143,145	18,955
Capital Projects	288,424	215,989	(72,435)
Nonexpendable Trust	<u>300</u>	<u>326</u>	<u>26</u>
Total	<u><u>\$2,495,845</u></u>	<u><u>\$2,545,630</u></u>	<u><u>\$49,785</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,053,324	\$914,385	\$138,939
Special Revenue	1,760,846	1,531,020	229,826
Capital Projects	772,420	722,149	50,271
Nonexpendable Trust	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total	<u><u>\$3,587,590</u></u>	<u><u>\$3,167,554</u></u>	<u><u>\$420,036</u></u>

**RAVENNA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$587,015	\$768,864	\$181,849
Special Revenue	1,129,590	1,208,702	79,112
Capital Projects	740,001	648,671	(91,330)
Nonexpendable Trust	300	322	22
Total	\$2,456,906	\$2,626,559	\$169,653

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$657,600	\$468,805	\$188,795
Special Revenue	1,141,595	971,399	170,196
Capital Projects	740,000	164,674	575,326
Nonexpendable Trust	500	0	500
Total	\$2,539,695	\$1,604,878	\$934,817

Contrary to Ohio Revised Code § 5705.41 (D), the Township created purchase orders after the goods or services were ordered, received or performed.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**RAVENNA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$500,000	4.75%

The general obligation notes were issued to finance the addition to the Spring Street Fire Station. The notes were purchased by the United States Department of Agriculture (USDA). The notes are collateralized solely by the Township's taxing authority.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Notes
2000	86,250
2001	83,281
2002	80,313
2003	77,344
2004	74,375
Subsequent	205,312
Total	\$606,875

6. RETIREMENT SYSTEMS

A. Public Employees Retirement System

All employees, other than fire fighters, belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

B. Social Security System

All fire fighters are part-time employees and are members of Social Security as they are exempt from PERS.

**RAVENNA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

Commercial Property	\$335,050
Boiler and Machines	500,000
Liability	3,000,000/5,000,000 Annual Aggregate
Wrongful Acts	3,000,000/4,000,000 Annual Aggregate
Automobile	3,000,000
Bond	10,000
Crime	1,000
Inland Marine	122,123
Fire Vehicle RC	552,000
EDP	8,500

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

9. JOINT VENTURE

On February 14, 1997 the Township and the City of Ravenna (City) entered into a contract to jointly establish the Union Cemetery (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 the prorated property valuations of each entity to the whole and this proration shall be revised annually. For the year 1999, the proration percentage is 36% for the Township and 64% for the City.

RAVENNA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

9. JOINT VENTURE (Continued)

While the Township has an on-going financial responsibility, it does not have an equity interest in the Cemetery. The Township and the City reached an agreement whereby the City would "buy out" the Township's equity interest for them maintaining the Cemetery in the past. Based on a court decision, the City agreed to pay the Township over a five year period beginning in 1997 to buy out their share. The approximate settlement was about \$300,000 over the five year period.

The Cemetery is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden to the Township. Separate financial statement are available from the Cemetery at 6698 North Chestnut Street, Ravenna, Ohio 44266.

**RAVENNA TOWNSHIP
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Direct</i>			
Community Facilities Loans and Grants	10.766	None	\$ 540,000
U.S. DEPARTMENT OF JUSTICE			
<i>Direct</i>			
Community Oriented Policing Services Grant	16.710	96-UM-WX-0458	84,588
Total Expenditures of Federal Awards			\$ 624,588

The notes to the schedule of federal awards expenditures is an integral part of this statement.

**RAVENNA TOWNSHIP
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1998**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Direct</i>			
Community Facilities Loans and Grants	10.766	None	\$ 500,000
U.S. DEPARTMENT OF JUSTICE			
<i>Direct</i>			
Community Oriented Policing Services Grant	16.710	96-UM-WX-0458	112,788
Total Expenditures of Federal Awards			\$ 612,788

The notes to the schedule of federal awards expenditures is an integral part of this statement.

**RAVENNA TOWNSHIP
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999 AND 1998**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B— COMMUNITY FACILITIES (CF) LOANS AND GRANTS PROGRAM

The Government has obtained a CF Loan from the United States Department of Agriculture (USDA) for capital improvements to their fire station. In 1998, \$500,000 reflected on the Schedule of Federal Awards Expenditures is for a loan guarantee from the USDA that the Government obtained to secure a note from a local banking institution. In 1999, the Government received \$500,000 directly from the USDA to pay off the note from the local banking institution. The additional \$40,000 reflected on the Schedule of Federal Awards Expenditures is for a CF grant the Government received directly from the USDA.

NOTE C - MATCHING REQUIREMENTS

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



STATE OF OHIO
OFFICE OF THE AUDITOR

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

Ravenna Township
Portage County
7076 State Route 14
Ravenna, Ohio 44266

To the Board of Trustees:

We have audited the accompanying financial statements of Ravenna Township, Portage County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated September 7, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township'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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 1999-41167-001 for fiscal year ending 1999 and item 1998-41167-002 for fiscal year ending 1998. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated September 7, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedules of findings as items 1999-41167-001 and 1998-41167-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 1999-41167-001 and 1998-41167-002 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated September 7, 2000.

This report is intended for the information and use of management, the Board of Trustees, federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.



Jim Petro
Auditor of State

September 7, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Ravenna Township
Portage County
7076 State Route 14
Ravenna, Ohio 44266

To the Board of Trustees:

Compliance

We have audited the compliance of Ravenna Township, Portage County, (the Township) 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 its major federal program for the year ended December 31, 1999. The Township's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township's compliance based on our audit.

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

In our opinion, the Township complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Internal Control Over Compliance

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

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

This report is intended for the information and use of management, the Board of Trustees, federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

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

Jim Petro
Auditor of State

September 7, 2000



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

Ravenna Township
Portage County
7076 State Route 14
Ravenna, Ohio 44266

To the Board of Trustees:

Compliance

We have audited the compliance of Ravenna Township, Portage County, (the Township) 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 its major federal program for the year ended December 31, 1998. The Township's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township's compliance based on our audit.

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

In our opinion, the Township complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 1998. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings as item 1998-41167-003.

Internal Control Over Compliance

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

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

This report is intended for the information and use of management, the Board of Trustees, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

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

Jim Petro
Auditor of State

September 7, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

**RAVENNA TOWNSHIP
PORTAGE COUNTY
DECEMBER 31, 1999**

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Community Facilities Loans and Grants 10.766
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

Finding Number	1999-41167-001
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Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars the fiscal officer issues a certificate, but may authorize it to be paid without the affirmation of the Trustees.

During testing of expenditures, forty percent of the expenditures had a purchase order created after the goods or services were ordered, received or performed. Fifty percent of the total applied to the Community Facilities Loans and Grants major federal program.

Upon discussion of the above results with the Clerk, many of the instances resulted from unexpected or emergency repairs and needed supplies.

We recommend the Township properly certify funds prior to entering into an agreement or take advantage of the use of then and now certificates.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

**RAVENNA TOWNSHIP
PORTAGE COUNTY
DECEMBER 31, 1998**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Community Facilities Loans and Grants 10.766
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

Finding Number	1998-41167-002
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Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars the fiscal officer issues a certificate, but may authorize it to be paid without the affirmation of the Trustees.

During testing of expenditures, fifty-seven percent of the expenditures had a purchase order created after the goods or services were ordered, received or performed. Sixty-nine percent of the total applied to the Community Facilities Loans and Grants major federal program.

Upon discussion of the above results with the Clerk, many of the instances resulted from unexpected or emergency repairs and needed supplies.

We recommend the Township properly certify funds prior to entering into an agreement or take advantage of the use of then and now certificates.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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No Single Audit Performed for 1998

Finding Number	1998-41167-003
CFDA Title and Number	Community Facilities Loans and Grants 10.766
Federal Award Number / Year	None / 1998
Federal Agency	United States Department of Agriculture
Pass-Through Agency	None

Noncompliance finding

OMB Circular A-133, Subpart B, Section 205, provides that the basis for determining Federal awards expended is when the activity related to the award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with laws, regulations, and the provisions of contracts or grant agreements, such as the use of loan proceeds under loan and loan guarantee programs. Since the Federal Government is at risk for loans until the debt is repaid, the value of new loans made or received during the fiscal year shall be used to calculate the value of Federal awards expended under loan and loan guarantee programs.

OMB Circular A-133, Subpart C, Section 320, provides in part that the audit shall be completed and the data collection form described in paragraph (b) of that section and reporting package described in paragraph (c) of that section shall be submitted within nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. (However, for fiscal years beginning on or before June 30, 1998, auditees shall have 13 months after the end of the audit period to have the audit completed and submit the data collection form and the reporting package).

For calendar year 1998, the Township obtained \$500,000 interim financing from commercial sources, by selling a \$500,000 note for construction on the fire station. This interim financing was guarantee by the United States Department of Agriculture with a Community Facilities Loan. Expenditures from these commercial loans which will be repaid from a Community Facilities Loan should be considered Federal awards expended, included in determining Type A programs, and reported in the Schedule of Expenditures of Federal Awards, as described in 7 CFR Subpart A, Section 1942.17 (n) (3).

The Township's audit for 1998 was not completed and the above described data collection form and reporting package for 1998 were not submitted within thirteen months after the end of the audit period.

RAVENNA TOWNSHIP
PORTAGE COUNTY
DECEMBER 31, 1999

CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315 (c)

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1998-41167-003	To have the 1998 Single Audit completed with the 1999 Single Audit. The Township will also contact the USDA to determine if a Single Audit will be necessary for the year 2000.	September 30, 2000	Janet Eckert, Clerk



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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
OCTOBER 19, 2000**