

***Randolph Township***

**PORTAGE COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2008 & 2007**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Randolph Township  
3636 Waterloo Road  
Randolph, Ohio 44265

We have reviewed the *Report of Independent Accountants* of Randolph Township, Portage County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2007 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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. Randolph Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

August 6, 2009

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**RANDOLPH TOWNSHIP**  
**PORTAGE COUNTY, OHIO**  
**Audit Report**  
**For the years ended December 31, 2008 & 2007**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Randolph Township  
Portage County  
3636 Waterloo Rd.  
Randolph, Ohio 44265

To the Board of Trustees:

We have audited the accompanying financial statements of Randolph Township, Portage County, Ohio (the Township) as and for the years ended December 31, 2008 and 2007. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for both years. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, 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 Randolph Township, Portage County as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

***Charles E. Harris & Associates, Inc.***

June 12, 2009

**RANDOLPH TOWNSHIP**  
**PORTAGE COUNTY, OHIO**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN**  
**FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES**  
**For the Year Ended December 31, 2008**

	Governmental Fund Types				(Memorandum Only) Total
	General	Special Revenue	Capital Projects	Permanent Fund	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 142,855	\$ 730,666	-	-	\$ 873,521
Intergovernmental	101,829	129,220	\$ 81,766	-	312,815
Charges for Services	-	17,571	-	-	17,571
Licenses, Permits and Fees	45	10,407	-	-	10,452
Earnings on Investments	7,034	421	-	\$ 39	7,494
Miscellaneous	39,598	53,270	-	-	92,868
<b>Total Cash Receipts</b>	<b>291,361</b>	<b>941,555</b>	<b>81,766</b>	<b>39</b>	<b>1,314,721</b>
<b>Cash Disbursements:</b>					
General Government	238,032	94,459	-	-	332,491
Public Safety	868	256,745	-	-	257,613
Public Works	806	605,015	-	-	605,821
Health	1,844	12,927	-	-	14,771
Capital Outlay	55,822	107,285	81,766	-	244,873
Debt Service:					
Principal Payments	34,657	20,406	-	-	55,063
Interest Payments	2,029	1,874	-	-	3,903
<b>Total Cash Disbursements</b>	<b>334,058</b>	<b>1,098,711</b>	<b>81,766</b>	<b>-</b>	<b>1,514,535</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(42,697)</b>	<b>(157,156)</b>	<b>-</b>	<b>39</b>	<b>(199,814)</b>
<b>Other Financing Sources/(Uses):</b>					
Sale of Fixed Assets	-	27,725	-	-	27,725
Advances-In	25,000	25,000	-	-	50,000
Advances-Out	(25,000)	(25,000)	-	-	(50,000)
Other Financing Sources	-	3,763	-	-	3,763
Other Financing Uses	(247)	-	-	-	(247)
<b>Total Other Financing Sources/(Uses)</b>	<b>(247)</b>	<b>31,488</b>	<b>-</b>	<b>-</b>	<b>31,241</b>
<b>Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses</b>	<b>(42,944)</b>	<b>(125,668)</b>	<b>-</b>	<b>39</b>	<b>(168,573)</b>
<b>Fund Balance, January 1, 2008</b>	<b>156,510</b>	<b>485,290</b>	<b>-</b>	<b>3,518</b>	<b>645,318</b>
<b>Fund Balance, December 31, 2008</b>	<b>\$ 113,566</b>	<b>\$ 359,622</b>	<b>\$ -</b>	<b>\$ 3,557</b>	<b>\$ 476,745</b>
<b>Reserve for Encumbrances, December 31, 2008</b>	<b>\$ 13</b>	<b>\$ 2,125</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,138</b>

See accompanying Notes to the Financial Statements.



**RANDOLPH TOWNSHIP**  
**PORTAGE COUNTY, OHIO**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN**  
**FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES**  
**For the Year Ended December 31, 2007**

	Governmental Fund Types			(Memorandum Only)
	General	Special Revenue	Permanent Fund	Total
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 146,868	\$ 712,885	-	\$ 859,753
Intergovernmental	99,029	287,046	-	386,075
Charges for Services	-	29,433	-	29,433
Licenses, Permits and Fees	22,471	12,024	-	34,495
Earnings on Investments	19,412	2,297	\$ 115	21,824
Miscellaneous	25,941	68,483	-	94,424
<b>Total Cash Receipts</b>	<b>313,721</b>	<b>1,112,168</b>	<b>115</b>	<b>1,426,004</b>
<b>Cash Disbursements:</b>				
General Government	201,586	137,585	-	339,171
Public Safety	-	298,216	-	298,216
Public Works	5,132	632,203	-	637,335
Conservation/Recreation	-	350	489	839
Health	22,199	7,677	-	29,876
Capital Outlay	31,320	123,144	-	154,464
Debt Service:				
Principal Payments	33,113	19,529	-	52,642
Interest Payments	3,573	2,750	-	6,323
<b>Total Cash Disbursements</b>	<b>296,923</b>	<b>1,221,454</b>	<b>489</b>	<b>1,518,866</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>16,798</b>	<b>(109,286)</b>	<b>(374)</b>	<b>(92,862)</b>
<b>Other Financing Sources/(Uses):</b>				
Advances-In	45,000	45,000	-	90,000
Advances-Out	(45,000)	(45,000)	-	(90,000)
<b>Total Other Financing Sources/(Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses</b>	<b>16,798</b>	<b>(109,286)</b>	<b>(374)</b>	<b>(92,862)</b>
<b>Fund Balance, January 1, 2007</b>	<b>139,712</b>	<b>594,576</b>	<b>3,892</b>	<b>738,180</b>
<b>Fund Balance, December 31, 2007</b>	<b>\$ 156,510</b>	<b>\$ 485,290</b>	<b>\$ 3,518</b>	<b>\$ 645,318</b>
<b>Reserve for Encumbrances, December 31, 2007</b>	<b>\$ 4,000</b>	<b>\$ 12,125</b>	<b>\$ -</b>	<b>\$ 16,125</b>

See accompanying Notes to the Financial Statements.

**RANDOLPH TOWNSHIP**  
**PORTAGE COUNTY, OHIO**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN**  
**FUND CASH BALANCES - FIDUCIARY FUND TYPE**  
**For the Year Ended December 31, 2008**

	<b>Fiduciary Fund Type</b>
	<b>Agency</b>
<b>Non-Operating Cash Receipts</b>	<b>\$ 1,264</b>
<b>Total Non-Operating Cash Receipts</b>	<b>1,264</b>
<b>Non-Operating Cash Disbursements</b>	<b>1,264</b>
<b>Total Non-Operating Cash Disbursements</b>	<b>1,264</b>
<b>Total Non-Operating Receipts Over/(Under) Disbursements</b>	<b>-</b>
<b>Fund Balance, January 1, 2008</b>	<b>-</b>
<b>Fund Balance, December 31, 2008</b>	<b>\$ -</b>

See accompanying Notes to the Financial Statements.

**RANDOLPH TOWNSHIP  
PORTAGE COUNTY, OHIO**

**Notes To The Financial Statements  
For The Years Ended December 31, 2008 & 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

Randolph Township, (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 road and bridge maintenance, fire protection and emergency medical services. The Township contracts with the Portage County Sheriff's Department to provide security of persons and property.

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 by the Auditor of State.

**C. CASH AND INVESTMENTS**

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.

The Township values certificates of deposits at cost.

**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 of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

RANDOLPH TOWNSHIP  
PORTAGE COUNTY, OHIO

Notes To The Financial Statements  
For The Years Ended December 31, 2008 & 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. FUND ACCOUNTING - (continued)

2. Special Revenue Funds

To account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The Township had the following significant Special Revenue Fund:

*Road & Bridge Fund* – This fund receives property tax money levied for the funding of the repair of the Township’s roads.

3. Capital Projects Fund

To account for receipts restricted to acquiring or constructing major capital projects. The Township’s significant capital project fund is the Capital Projects-OPWC Fund, which receives grant money for the Unger Road project.

4. Permanent Fund

To account for the Gunthier Trust Fund for cemetery projects such as fencing, chapel and utility building, as long as the corpus of the Trust must be maintained.

5. Agency Fund (2008)

This fund is used to account for all financial transactions of the St. Joseph Recycling Committee. The Township acts in an agency capacity in the collection of funds within its jurisdiction and the disbursement of the collection to the Recycling Committee.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund 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 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 balances as of January 1. The County Budget Commission must also approve estimated resources.

RANDOLPH TOWNSHIP  
PORTAGE COUNTY, OHIO

Notes To The Financial Statements  
For The Years Ended December 31, 2008 & 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

E. BUDGETARY PROCESS – (continued)

3. Encumbrances

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

A summary of 2008 & 2007 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.

G. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment 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>2008</u>		<u>2007</u>
Demand Deposits	\$ 366,444	\$	354,376
Certificates of Deposits	<u>110,301</u>		<u>290,942</u>
Total Deposits	\$ <u>476,745</u>	\$	<u>645,318</u>

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

**RANDOLPH TOWNSHIP  
PORTAGE COUNTY, OHIO**

**Notes To The Financial Statements  
For The Years Ended December 31, 2008 & 2007**

**3. BUDGETARY ACTIVITY**

**Budgetary activity for the years ending December 31, 2008 and 2007 is as follows:**

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 317,133	\$ 316,361	\$ (772)
Special Revenue	901,310	998,043	96,733
Capital Projects	81,766	81,766	-
Permanent Fund	206	39	(167)
<b>Total</b>	<b>\$ 1,300,415</b>	<b>\$ 1,396,209</b>	<b>\$ 95,794</b>

2008 Appropriations vs. Budgetary Expenditures and Encumbrances

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 455,074	\$ 359,318	\$ 95,756
Special Revenue	1,320,820	1,125,836	194,984
Capital Projects	81,766	81,766	-
Permanent	206	-	206
<b>Total</b>	<b>\$ 1,857,866</b>	<b>\$ 1,566,920</b>	<b>\$ 290,946</b>

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 246,026	\$ 358,721	\$ 112,695
Special Revenue	1,137,339	1,157,168	19,829
Capital Projects	81,766	-	(81,766)
Permanent	-	115	115
<b>Total</b>	<b>\$ 1,465,131</b>	<b>\$ 1,516,004</b>	<b>\$ 50,873</b>

**RANDOLPH TOWNSHIP  
PORTAGE COUNTY, OHIO**

**Notes To The Financial Statements  
For The Years Ended December 31, 2008 & 2007**

**3. BUDGETARY ACTIVITY – (continued)**

2007 Appropriations vs. Budgetary Expenditures and Encumbrances			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 374,039	\$ 345,923	\$ 28,116
Special Revenue	1,480,008	1,278,579	201,429
Capital Projects	-	-	-
Permanent	4,588	489	4,099
Total	\$ 1,858,635	\$ 1,624,991	\$ 233,644

**4. PROPERTY TAXES**

Real property becomes a lien on January 1 preceding the October 1 date for which rates are adopted by Township 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 payments, 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 on the property owners, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEM**

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2008 and 2007, the Township's OPERS members contributed 10% and 9.5% of their gross salaries, respectively. The Township contributed an amount equal to 14% and 13.85% of participant's gross salaries, for each year. The Township has paid all contributions required through December 31, 2008.

RANDOLPH TOWNSHIP  
PORTAGE COUNTY, OHIO

Notes To The Financial Statements  
For The Years Ended December 31, 2008 & 2007

6. RISK MANAGEMENT

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

APEEP provides a casualty excess risk-sharing pooling arrangement and provides an excess risk-sharing property program for its member pools (the "Members"), all of which are public entity group risk-sharing pools similar in nature to the Pool. The Pool makes annual casualty and property operating and casualty capitalization contributions to APEEP.

Casualty

For an occurrence prior to January 1, 2006, the Pool retains casualty risks up to \$250,000 per occurrence, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP in an amount not to exceed \$1,750,000 for each claim and \$10,000,000 in aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risks up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in aggregate per year.

For members requiring specific excess coverage from \$2,000,000 to \$12,000,000 for claims that occurred prior to January 1, 2006 or from \$3,000,000 to \$13,000,000 for claims occurring on or after January 1, 2006, such excess coverage is reinsured with General Reinsurance Corporation through contracts with the Pool. In the event a series of retained claims exhausts the Pool's total funds available to pay loss within the Pool's retention, APEEP provides "excess of funds available" coverage up to \$5,000,000, subject to the annual aggregate limit of \$10,000,000. Premiums ceded to reinsurance carriers during the years ended December 31, 2007 and 2006 for casualty risks totaled \$1,498,468 and \$1,218,794, respectively, and the amounts deducted from claims and claim expense reserves as of December 31, 2007 and 2006 for reinsurance totaled approximately \$4,610,000 and \$3,617,000, respectively.

Property

On January 1, 2005, APEEP established a risk-sharing property program. Under the new program, Travelers will reinsure specific losses in excess of \$250,000 up to \$600,000,000 per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP will reinsure members for specific losses in excess of \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP will reinsure members for specific losses in excess of \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value (TIV). If the stop-loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses in excess of \$100,000 up to their \$600,000,000 per occurrence limit. The aggregate stop-loss limit for 2007 and 2006 was \$2,014,548 and \$1,901,127, respectively. Premiums ceded to reinsurance carriers during the years ended December 31, 2007 and 2006 for property risks totaled \$999,555 and \$973,575, respectively, and the amounts deducted from claims and claim expense reserves as of December 31, 2007 and 2006 for reinsurance totaled approximately \$1,033,000 and \$91,000, respectively.



**RANDOLPH TOWNSHIP  
PORTAGE COUNTY, OHIO**

**Notes To The Financial Statements  
For The Years Ended December 31, 2008 & 2007**

**6. RISK MANAGEMENT – (continued)**

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

**Financial Position** - OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net assets at December 31, 2007 and 2006:

	<b>2007</b>	<b>2006</b>
<b>Assets</b>	<b>\$ 43,210,703</b>	<b>\$ 42,042,275</b>
<b>Liabilities</b>	<b>(13,357,837)</b>	<b>(12,120,661)</b>
<b>Net Assests - Unrestricted</b>	<b>\$ 29,852,866</b>	<b>\$ 29,921,614</b>

**7. RENEWABLE LEASE-PURCHASE**

Leases outstanding as of December 31, 2008:

	Principal	Interest Rate
Ambulance	\$ 21,322	4.49%
Town Hall	17,929	4.61%
Fire Truck Pumper	256,487	5.48%
 Total	 \$ 295,738	

The Township purchased an ambulance in the amount of \$113,979 of which \$89,118 was financed through a renewable lease purchase-agreement with the Ohio Township Association, while the balance was financed locally by the Township. The principal component of the lease was \$81,385. It also started the Phase II of its Town Hall renovation through another lease-purchase agreement with the Ohio Township Association in the amount of \$110,057. The principal component of the lease was \$101,710.

**RANDOLPH TOWNSHIP  
PORTAGE COUNTY, OHIO**

**Notes To The Financial Statements  
For The Years Ended December 31, 2008 & 2007**

**7. RENEWABLE LEASE-PURCHASE – (continued)**

In 2008, the Township obtained a fire truck pumper equipment through a lease-purchase agreement with First Bankers. The lease amount is \$256,487 payable in 10 years at an interest rate of 5.48%. The lease will be paid through property taxes collected by the Township.

The lease rental requirements to retire long-term obligations outstanding at December 31, 2008 are as follows:

Year Ended December 31:	<u>Ambulance</u>	<u>Town Hall</u>	<u>Fire Pumper</u>
2009	\$ 22,279	\$ 18,343	\$ 33,431
2010	-	-	33,431
2011	-	-	33,431
2012	-	-	33,431
2013	-	-	33,431
2014-2018	-	-	167,157
Subtotal	<u>22,279</u>	<u>18,343</u>	<u>334,312</u>
Amount representing interest	<u>(957)</u>	<u>(414)</u>	<u>(77,825)</u>
Total principal	<u><u>\$ 21,322</u></u>	<u><u>\$ 17,929</u></u>	<u><u>\$ 256,487</u></u>

**8. CONTINGENT LIABILITIES**

Management believes there are no pending claims or lawsuits.

**9. COMPLIANCE**

Contrary to Ohio Revised Code Section 5705.14, the Township Fiscal Officer did not obtain Board approval of the transfer of funds. Also, contrary to Ohio Revised Code Section 5705.41(D), the Township did not properly certify disbursements. Contrary to Ohio Revised Code section 5705.41(B), the Township's expenditures exceeded appropriations in several funds.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Randolph Township  
Portage County  
3136 Waterloo Road  
Randolph, Ohio 44265

To the Board of Trustees:

We have audited the financial statements of Randolph Township, Portage County, Ohio, (the Township) as and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 12, 2009, wherein we noted the Township follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the Township's applicable accounting basis such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the deficiencies described in the accompanying schedule of findings item 2008-Randolph-01, 02, 04 and 05 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiencies described above to be material weaknesses.

#### Compliance and Other Matters

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, grant agreements and other matters, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2008-Randolph-02 through 05.

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.

We also noted certain matters that we have reported to management of the Township in a separate letter dated June 12, 2009.

This report is intended solely for the information and use of the audit committee, management and the Board and is not intended to be and should not be used by anyone other than these specified parties.

***Charles E. Harris and Associates, Inc.***  
June 12, 2009

RANDOLPH TOWNSHIP  
PORTAGE COUNTY, OHIO  
SCHEDULE OF FINDINGS  
December 31, 2007 & 2008

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-Randolph-01: Material Weakness**

The management of each local public office is responsible for the assertions underlying the information in the public office's financial statements. This includes ensuring that recorded assets exist as of fiscal year end, recorded transactions have occurred and are not fictitious, as well as ensuring that all account balances and transactions that should be included in the financial records are included. To achieve these assertions, management should consider the following internal controls:

- Ensuring that all transactions are properly authorized in accordance with management's policies;
- Ensuring that accounting records are properly designed;
- Ensuring adequate security of assets and records;
- Planning for adequate segregation of duties or compensating controls;
- Verifying the existence and valuation of assets and periodically reconcile them to the accounting records;
- Performing analytical procedures to determine the reasonableness of financial data; and
- Ensuring the collection and compilation of the data needed for the timely preparation of financial statements.

During 2007 through January 2008, the Township closed out its books each month, however, they did not properly reconcile their fund balances to their bank balances. At the close of 2008, the unreconciled balance was carried over in the Township books. Bank reconciliations in 2007 until January 2008 had to be subsequently completed prior to the audit. Adjustments were made in the audit report and the Township books.

The condition may have led to the Township making financial decisions with inaccurate fund balances. We recommend the Township reconcile their accounting system to the bank balances on a monthly basis and have the Board approve the cash reconciliation timely.

**MANAGEMENT RESPONSE:**

The Township has a new Fiscal Officer and has made the adjustments in the UAN system to reconcile its books with the bank balance.

RANDOLPH TOWNSHIP  
PORTAGE COUNTY, OHIO  
SCHEDULE OF FINDINGS – (continued)  
December 31, 2008 & 2007

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (continued)</b>
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**FINDING NUMBER 2008-Randolph-02: Noncompliance and Material Weakness**

Ohio Admin. Code Section 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance and finance-related legal and contractual requirements and prepare financial statements.

Per Ohio Admin. Code Section 117-2-02(D), accounting records that can help achieve these objectives include, in part:

1. Cash journal, which typically includes the amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
2. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of each fund the public office uses. The amount, date, name of payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.

The Ohio Township Handbook (revised December 2006) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance and with the budget and prepare annual reports in the format required by the Auditor of State.

In 2007, the Township booked \$22,471 in franchise fees collection as General Fund: Miscellaneous revenue. This was reclassified under the account General Fund - Licenses, Permits and Fees. The Township also booked \$29,433 in payments for its EMS/Fire service as Special Revenue: Miscellaneous revenue. This was also reclassified this as Special Revenue - Charges for Services.

During 2007 and 2008, the Township posted its debt service payments for the Town Hall and the ambulance in the capital outlay account. These accounts were reclassified as principal and interest debt service payments.

We recommend the Township follow the Ohio Township Handbook and the UAN manual guide to properly classify its transactions.

**MANAGEMENT RESPONSE:**

Management agrees and will the properly record transactions in the proper accounts.

RANDOLPH TOWNSHIP  
PORTAGE COUNTY, OHIO  
SCHEDULE OF FINDINGS – (continued)  
December 31, 2008 & 2007

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (continued)</b>
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**FINDING NUMBER 2008-Randolph-03: Noncompliance Citation**

Ohio Revised Code Section 5705.41 (D), requires, in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the Fiscal Officer of the subdivision certifying that the amount required to meet the obligation has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a Fiscal Officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**"Then and Now" Certificate** – If the Fiscal Officer can certify that both at the time the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by resolution.

Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution upon completion of the "then and now" certificate provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditure by the Fiscal Officer.

**Blanket Certificate** – Fiscal Officer may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Of the 30 transactions tested in 2007, the Township used 21 Then & Now Certificates, two blanket certificates and seven super blanket certificates. The two blanket certificates were dated from fiscal year 2006. Of the seven super blanket certificates, two were dated after the invoice date. The vendor's name was not listed in any of the seven super blanket certificates.

RANDOLPH TOWNSHIP  
PORTAGE COUNTY, OHIO  
SCHEDULE OF FINDINGS – (continued)  
December 31, 2008 & 2007

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (continued)</b>
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**FINDING NUMBER 2008-Randolph-03: Noncompliance Citation – (continued)**

In 2008, 20 out of 30 transactions tested had purchase orders dated after the invoice date.

We believe that the Fiscal Officer in 2007 made excessive use of Then and Now Certificates and did not properly use Blanket Certificates as required by ORC 5705.41(D). We recommend that the Township properly certify funds for any expenditure to be made and certify expenditures prior to incurring the liability.

**MANAGEMENT RESPONSE:**

Management agrees and will properly certify purchase orders authorizing expenditures before making disbursements.

**FINDING NUMBER 2008-Randolph-04: Noncompliance and Material Weakness**

**Ohio Rev. Code Sections 5705.14: Transfer of funds**

Money may be transferred from the general fund to any other fund of the subdivision [R.C. § 5705.14(E)]. Note: OAG Opinion 89-075 requires a governing board resolution passed by a simple majority of the board members to transfer funds.

In 2006, an audit adjustment was made to reclassify the Township's Fiduciary – Non-Expendable Trust Fund (Gunthier Trust) into a Permanent Fund. This adjustment was made in compliance with AOS Bulletin 2005-005.

However, a review of the 2007 unaudited report of the Township showed that the former Fiscal Officer reclassified this Non-Expendable Trust Fund as Special Revenue: Gunthier Trust. Then she made a transfer of \$3,202 from the General Fund to the Permanent Fund – Gunthier Trust. This transfer was not discussed in the minutes nor approved by Trustees. Furthermore, it was erroneous because the transfer should come from Special Revenue – Gunthier Trust and not the General Fund. The financial statements were adjusted to reflect the proper classification of funds.

We recommend that the current Fiscal Officer make the proper adjustments to correctly classify the Gunthier Fund as a Permanent Fund to comply with the adjustments made in the 2006 audit report. Also, we recommend that the Township not transfer money without the approval of the Board and to ensure the transfers are in accordance with the Ohio Revised Code.

**MANAGEMENT RESPONSE:**

Management agrees and has made the necessary adjustments by fund to properly reflect the correct fund balances in its books.



**RANDOLPH TOWNSHIP**  
**PORTAGE COUNTY, OHIO**  
**SCHEDULE OF FINDINGS – (continued)**  
**December 31, 2008 & 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b> <b>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (continued)</b>
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**FINDING NUMBER 2008-Randolph-05: Noncompliance Citation and Material Weakness**

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. The following funds had expenditures plus encumbrances exceeding appropriations at each year-end:

<u>2008</u>	<u>Appropriation</u>	<u>Disbursements</u>	<u>Variances</u>
Special Revenue:			
EMT Ambulance	\$ 118,003	\$ 120,746	\$ (2,743)
<u>2007</u>			
Special Revenue			
Fire Fund	\$ 389,871	\$ 486,579	\$ (96,708)
EMT Ambulance	134,061	136,208	(2,147)

We recommend that the Township closely monitor its budget, receipts and expenditures and make amendments in its appropriation when necessary.

**MANAGEMENT RESPONSE:**

Management agrees and will make the proper amendments in its appropriations and estimated resources.

**RANDOLPH TOWNSHIP  
PORTAGE COUNTY, OHIO  
December 31, 2008 & 2007**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain:</b>
2006-01	Township not reconciled	No	See Finding No. 2008-Randolph-01
2006-02	Ohio Admin Code 177-2-02 (A) - accounting system and records insufficient	No	See Finding No. 2008-Randolph-02



Mary Taylor, CPA  
Auditor of State

**RANDOLPH 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  
AUGUST 18, 2009**