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*ALGER & ASSOCIATES, LLC*



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RAVENNA TOWNSHIP

PORTAGE COUNTY

**REGULAR AUDIT**

*A&A*

FOR THE YEARS ENDED

DECEMBER 31, 2010 & 2009





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of Ravenna Township, Portage County, prepared by Alger & Associates, LLC, for the audit period January 1, 2009 through December 31, 2010. 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 *Independent Accountants' Report* 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 *Independent Accountants' Report* 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. Ravenna Township is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

June 7, 2011



RAVENNA TOWNSHIP  
PORTAGE COUNTY

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# ALGER & ASSOCIATES, LLC

Certified Public Accountants

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## INDEPENDENT ACCOUNTANTS' REPORT

Ravenna Township  
Portage County  
6115 Spring Street  
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, 2010 and 2009. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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.

6927 Burgundy Ave. N.W.  
North Canton, OH 44720  
(330) 353-5851  
galger@neo.rr.com

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, 2010 and 2009 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, 2010 and 2009, 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 Ravenna Township, Portage County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 March 29, 2011, 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 the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

**Alger & Associates, LLC**

March 29, 2011



**RAVENNA TOWNSHIP  
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only)
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$386,744	\$1,027,178	\$0	\$1,413,922
Charges for Services	946	191,860	0	192,805
Licenses, Permits, and Fees	93,424	5,247	0	98,671
Intergovernmental	146,313	186,445	0	332,759
Special Assessments	0	3,158	0	3,158
Earnings on Investments	1,885	98	0	1,983
Miscellaneous	2,751	20,301	0	23,052
<b>Total Cash Receipts</b>	<b>632,063</b>	<b>1,434,287</b>	<b>0</b>	<b>2,066,350</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	349,460	38,489	0	387,949
Public Safety	77,757	857,212	0	934,969
Public Works	0	427,694	0	427,694
Health	123,136	0	0	123,136
Capital Outlay	8,561	168,763	34,794	212,118
<b>Total Cash Disbursements</b>	<b>558,915</b>	<b>1,492,158</b>	<b>34,794</b>	<b>2,085,867</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>73,148</b>	<b>(57,871)</b>	<b>(34,794)</b>	<b>(19,517)</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		30,000	0	30,000
Transfers-Out	(30,000)	0		(30,000)
Advances-In	215,000	215,000	0	430,000
Advances-Out	(215,000)	(215,000)	0	(430,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(30,000)</b>	<b>30,000</b>	<b>0</b>	<b>0</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	43,148	(27,871)	(34,794)	(19,517)
Fund Cash Balance, January 1	531,514	465,392	681,406	1,678,312
<b>Fund Cash Balance, December 31 - (See Note 3)</b>	<b>\$574,662</b>	<b>\$437,521</b>	<b>\$646,612</b>	<b>\$1,658,796</b>
Reserve for Encumbrances, December 31	\$2,202	\$42,141	\$0	\$44,343

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

**RAVENNA TOWNSHIP  
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND BALANCE  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Permanent Fund</u>	<u>Totals (Memorandum Only)</u>
<b>Non-Operating Receipts/Disbursements</b>		
Earnings on Investments	\$11	\$11
Total Non-Operating Receipts/Disbursements	<u>11</u>	<u>11</u>
Income/(Loss)	11	11
Fund Cash Balance, January 1	<u>6,735</u>	<u>6,735</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$6,746</u></u>	<u><u>\$6,746</u></u>
Reserve for Encumbrances, December 31	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

**RAVENNA TOWNSHIP  
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only)
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$352,395	\$1,032,509	\$0	\$1,384,904
Charges for Services	0	180,605	0	180,605
Licenses, Permits, and Fees	76,555	3,698	0	80,253
Fines and Forfeitures	34	0	0	34
Intergovernmental	240,253	186,373	0	426,627
Special Assessments	0	2,956	0	2,956
Earnings on Investments	3,785	164	0	3,949
Miscellaneous	12,990	18,589	0	31,579
<b>Total Cash Receipts</b>	<b>686,012</b>	<b>1,424,895</b>	<b>0</b>	<b>2,110,907</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	374,011	35,088	0	409,098
Public Safety	97,379	871,535	0	968,914
Public Works	1,900	444,219	0	446,119
Health	117,620	0	0	117,620
Capital Outlay	12,362	204,351	151,431	368,145
<b>Total Cash Disbursements</b>	<b>603,272</b>	<b>1,555,193</b>	<b>151,431</b>	<b>2,309,896</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>82,740</b>	<b>(130,298)</b>	<b>(151,431)</b>	<b>(198,989)</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Fixed Assets	2,000	0	0	2,000
Transfers-In	0	40,000	0	40,000
Transfers-Out	(40,000)	0	0	(40,000)
Advances-In	90,000	90,000	0	180,000
Advances-Out	(90,000)	(90,000)	0	(180,000)
Other Financing Uses	(1,873)	0	0	(1,873)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(39,873)</b>	<b>40,000</b>	<b>0</b>	<b>127</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	42,867	(90,298)	(151,431)	(198,862)
Fund Cash Balance, January 1 - (See Note 3)	488,647	555,691	832,837	1,877,174
<b>Fund Cash Balance, December 31 - (See Note 3)</b>	<b>\$531,514</b>	<b>\$465,392</b>	<b>\$681,406</b>	<b>\$1,678,312</b>
Reserve for Encumbrances, December 31	\$14,750	\$27,624	\$0	\$42,374

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

**RAVENNA TOWNSHIP  
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES  
FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Permanent Fund</b>	<b>Totals (Memorandum Only)</b>
<b>Non-Operating Receipts/Disbursements</b>		
Earnings on Investments	\$63	\$63
Total Non-Operating Receipts/Disbursements	63	63
Income/(Loss)	63	63
Fund Cash Balance, January 1	6,673	6,673
<b>Fund Cash Balance, December 31</b>	<b>\$6,735</b>	<b>\$6,735</b>
Reserve for Encumbrances, December 31	\$0.00	\$0.00

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

**RAVENNA TOWNSHIP  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

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

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

**B. Accounting Basis**

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

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

**C. Deposits and Investments**

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

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

**D. Fund Accounting**

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

**RAVENNA TOWNSHIP  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. Summary of Significant Accounting Policies – (Continued)**

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose 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.

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

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

**3. Capital Project Funds**

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through trust funds). The Township had one capital project fund. The Township received a grant from the State of Ohio for road improvements.

**4. Permanent Funds**

This fund accounts for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant permanent fund:

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

**RAVENNA TOWNSHIP  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. Summary of Significant Accounting Policies – (Continued)**

**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 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 re-appropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 4.

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

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

**RAVENNA TOWNSHIP  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**2. Equity in Pooled Deposits and Investments**

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

	2010	2009
Demand deposits	\$551,968	\$586,627
Other time deposits (savings and NOW accounts)	632,215	506,605
Total deposits	1,184,183	1,093,232
STAR Ohio	481,359	591,815
Total investments	481,359	591,815
Total deposits and investments	\$1,665,542	\$1,685,047

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or 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. Fund Balance Adjustments & Prior Period Restatement**

The Township made a transfer from the Capital Projects Fund to the General Fund without receiving the approval from the Court of Common Pleas. Also interest was posted to the Capital Projects Fund rather than the General Fund. The adjustments made by the Township are as follows:

**Fund Balance Adjustments**

	<u>General Fund</u>	<u>Capital Projects Fund</u>
<b><u>For 2009</u></b>		
Fund Cash Balance, December 31, 2009	\$529,350	\$683,570
Adjustments Made by Township	2,164	(2,164)
Fund Cash Balance, January 1, 2010	\$531,514	\$681,406
<b><u>For 2010</u></b>		
Fund Cash Balance, December 31, 2010	\$674,041	\$547,233
Adjustments Made by Township	(99,379)	99,379
Fund Cash Balance, December 31, 2010	\$574,662	\$646,612



**RAVENNA TOWNSHIP  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. Fund Balance Adjustments & Prior Period Restatement – (continued)**

**Prior Period Restatement**

The Township posted interest received in 2009 to the 2008 revenues.

	<b>Special Revenue Fund</b>
Fund Cash Balance, December 31, 2008	\$555,469
Adjustments Made By Township	222
Fund Cash Balance, January 1, 2009	\$555,691

**4. Budgetary Activity**

Budgetary activity for the years ending 2010 and 2009 are as follows:

**2010 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,014,604	\$632,063	(\$382,541)
Special Revenue	1,876,231	1,464,287	(411,944)
Capital Projects	688,621	0	(688,621)
Permanent	2,112	11	(2,101)
Total	\$3,581,568	\$2,096,361	(\$1,485,207)

**2010 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,014,604	\$591,117	\$423,487
Special Revenue	1,856,072	1,534,299	321,773
Capital Projects	688,620	34,794	653,826
Permanent	2,111	0	2,111
Total	\$3,561,407	\$2,160,210	\$1,401,197

**2009 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$926,396	\$688,012	(\$238,384)
Special Revenue	2,138,696	1,464,895	(673,801)
Capital Projects	894,146	0	(894,146)
Permanent	2,045	63	(1,982)
Total	\$3,961,283	\$2,152,970	(\$1,808,313)

**RAVENNA TOWNSHIP  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**4. Budgetary Activity – (continued)**

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$869,746	\$659,895	\$209,851
Special Revenue	2,137,190	1,582,817	554,373
Capital Projects	894,146	151,431	742,715
Permanent	2,045	0	2,045
Total	\$3,903,127	\$2,394,143	\$1,508,984

Contrary to Ohio law, budgetary appropriation exceeded actual available resources in the Fire fund by \$268,069, Zoning fund by \$56,639 and Miscellaneous Capital fund by \$206,309 for the year ended December 31, 2009.

For year ending 2010, budgetary appropriation exceeded actual available resources in the Zoning fund by \$20,060, Motor Vehicle Fund \$5,859 and Miscellaneous Capital fund by \$4,429.

Also contrary to Ohio law the Township did not always certify funds were available at the time of commitment and made a transfer from the Capital Projects Fund to the General Fund without receiving approval from the Portage County - Court of Common Pleas.

**5. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31.

If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**6. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OP&F participants contributed 10% of their gross wages and the Township contributed to OP&F 24% of the participants' gross wages. For 2010 and 2009, OPERS members contributed 10% of their gross wages, except members in law enforcement, who contributed 10.1% of their gross wages. For 2010, the Township contributed to OPERS an amount equal to 14% of members' gross wages and 17.63% of law enforcement members' gross wages.

For 2009, the Township contributed to OPERS an amount equal to 14% of members' gross wages and 17.4% of law enforcement members' gross wages.

**Social Security**

Part-time firefighters of the Township are members of Social Security as they are exempt from OPERS.

The Township has paid all contributions required through December 31, 2010.

**7. Risk Management**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; including fire vehicles
- EDP
- Inland marine; and
- Errors and omissions.

**8. Related Party Transactions**

A Township Trustee is an employee of a company from which the Township acquires supplies during the year. The Township paid \$1,188 for 2009 and \$489 for 2010 for these supplies.

**RAVENNA TOWNSHIP  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**9. Joint Ventures**

On February 14, 1997 the Township and the City of Ravenna (City) entered into a contract to jointly establish the Union Cemetery which is located between the Township and the City. The Cemetery previously belonged to the Township and was known as the "Maple Grove Cemetery". The Cemetery is now governed by the Board of Cemetery Trustees. The Board consists of three members, one or more must be a member of the City and a member of the Township. Funding sources of the Cemetery are financial support from the two parties, sale of cemetery lots, and other miscellaneous revenues. The Township and the City share operating costs based on prorated property valuations of each entity to the whole and this proration shall be revised annually. For the year 2010, the prorated percentages were 41 percent for the Township and 59 percent for the City and in 2009 the prorated percentages were 40 percent for the Township and 60 percent for the City.



# ALGER & ASSOCIATES, LLC

Certified Public Accountants

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

Ravenna Township  
6115 Spring Street  
Ravenna, Ohio 44266

To the Board of Trustees:

We have audited the financial statements of Ravenna Township, Portage County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated March 29, 2010, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2010-001 through 2010-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Government's management in a separate letter dated March 29, 2011

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 response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the Board of Trustees and others within the Township. We intend it for no one other than these specified parties

**Alger & Associates, LLC**  
March 29, 2011

RAVENNA TOWNSHIP  
PORTAGE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2009-001

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41 (D)**, requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation...has been lawfully appropriated for such purpose and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances.

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.

1. Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made "then" at the time that he is completing his certification "now", 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 taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority 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 expenditures by the taxing authority

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance 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.

3. 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 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 104 expenditures tested we found 15 instances of non-compliance attributed to the Fire Department and two attributed to the Fiscal Department.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval and aid in the posting of the expenditures to the correct department. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Trustees insure that departmental supervisors are not purchasing goods or services prior to the Fiscal Officer certifying that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend that the Township certify all purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language as set forth in 5705.41(D) (1) to authorize disbursements.

Implementation of the recommendation may help the Township come into compliance with the Ohio Revised Code.

#### **FINDING NUMBER 2010-002**

**Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16** allows for money to be transferred from the general fund to any other fund of the subdivision by resolution of the taxing authority. The resolution need only be passed by a simple majority of the board members. All other transfers require the approval of the Tax Commissioner and the Court of Common Pleas.

The Township made one transfer that was not from the general fund and approval from the Tax Commissioner or Court of Common Pleas was not obtained. The Township approved a transfer from the Capital Projects Fund to the General Fund in the amount of \$100,000, therefore, the transfer is not in compliance with above code sections and must be reversed by the Township.



We recommend the Township only make transfers which are in accordance with the revised code sections. This may be accomplished by only making transfers from the general fund or to obtain proper approval of the Tax Commissioner or the Court of Common Pleas. The Township reversed the transfer on their accounting system. .

**FINDING NUMBER 2010-003**

**Ohio Rev. Code Section 5705.36(A)(4)** states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency

A summary of the differences between actual and estimated receipts and their effect on the level of appropriations follows:

Year Ended December 31, 2010:

Fund	Estimated Available Resources	Actual Available Resources	Appropriation Plus Encumbrances	Appropriation exceeds Available Resources
Zoning	\$65,442.34	\$45,382.40	\$65,442.34	(\$20,059.94)
Motor Vehicle License	\$108,138.21	\$102,278.92	\$108,138.31	(\$5,859.39)
Misc Capital Project	\$688,620.08	\$683,570.08	\$688,620.08	(\$5,050.00)

Year Ended December 31, 2009:

Fund	Estimated Available Resources	Actual Available Resources	Appropriation Plus Encumbrances	Appropriation exceeds Available Resources
Fire	\$1,080,137.54	\$812,068.69	\$1,080,137.54	(\$268,068.85)
Zoning	\$94,241.32	\$37,602.72	\$94,241.32	(\$56,638.60)
Motor Vehicle License	\$122,762.96	\$115,193.20	\$122,762.96	(\$7,569.76)
Misc Capital Project	\$894,145.68	\$687,836.68	\$894,145.68	(\$206,309.00)

We recommend the Township officials and management monitor the actual receipts, especially towards year-end, and compare to the estimated resources as certified by the County Budget Commission. Should it be determined that the actual receipts will fall below the estimated, a request should be made by the Fiscal Officer to reduce the certified resources and an appropriate reduction should be made to the fund appropriations by resolution of the Board of Township Trustees.

**Response From the Fire Chief:**

RE: Audit Citations as a result of the regular Audit of the years ending December 31, 2010 - Referencing page 2 of the Schedule of Findings, No.3 (paragraph two), where stated that the Fire Department had 15 instances of non-compliance pertaining to expenditures, the following controls have been put into place so as not to give the impression or illusion that good or services are being procured prior to the Fiscal Officer certifying that the funds are, or will be available:

1. The Fire Chief and Fiscal Officer met on several occasion after the audit to discuss the testing documents pulled to glean more information from the results.
2. A more collaborative effort will be utilized between the Fiscal Officer and Fire Chief pertaining to budgetary issues where more education of the definitions and details of processes used by the Fiscal Office is passed on to the Fire Chief.
3. In addition to the Appropriation Status sheets that the current Fiscal Officer has always provided to the Fire Chief, a more detailed report in the Blanket Certificate Status will be provided to the Fire Chief on a bi-monthly basis. This report will give the Fire Chief a better understanding of what funds are truly available before requesting goods and/or services and also a truer indicator of what has been spent year-to-date.
4. It should be noted that no goods or services were ordered until after receiving a certificate from the Fiscal Officer, unless it was a verbal approval by a member of the Board of Trustees for services such as an emergency repair. On a typical basis, as soon as it is determined by the Fire Chief that goods or services are needed and that the lowest price has been researched (if applicable), the budget is referenced along with the appropriation status and line item. Before the request is forwarded to the Trustees for approval, it goes to the Fiscal Officer for certification that the funds are available, before ordering.
5. As most of the samples pulled involved date discrepancies, this was due to the fact that although vendor paperwork had indicated it was an invoice; most were in fact quotes (offers for goods or services.) The Fire Chief shall now require the vendors to submit paperwork for future goods or service as quotes and not as invoices.

**Response From the Fiscal Officer:**

Re: Audit findings for years ended December 31, 2009 & 2010

Finding Number 2009-001

Noncompliance Citation: THEN & NOW PURCHASE ORDERS

This seems to be confined to a specific Department's expenditures in which I have repeatedly reminded and addressed the Board and Department Heads to be cognitive of their spending and purchasing prior to funds being certified and or available. In the previous audit of 2007 & 2008 it was indicated to me that Then & Now Purchase orders were being used in excess and they should only be used in emergency situations; therefore I have tried to limit the usage of these POs;

However as indicated by this audit firm it is a way to certify and encumber the money prior to the invoices being received, to ensure the expenditure has been lawfully appropriated and authorized. I will make every *effort* to work with the Department Heads by making available the BC Status; PO Status and any other reports that would assist them in monitoring this situation more stringently.

BLANKET CERTIFICATES

I will also determine what expenditures are relative to the prior year as yearend approaches and which incoming expenditures are current year and separate to expend funds from the proper years.

FINDING NUMBER 2010-002 - TRANSFERRING OF FUNDS

Board approval was obtained as stated in the minutes to transfer \$100,000.00 from Star Ohio Savings to Chase High Yield Savings to attain a slightly higher interest rate; there was no intent to expend this transfer. However upon making the transfer a cash transfer requires court approval as stated in the R.C. section 5705.14, 5705.15 and 5705.16 although it was general fund money it was invested into a designated fund and court approval is required. In the future proper authorization from the Court to transfer money when required will be applied for.

FINDING NUMBER 2010-003 - BUDGET UPDATE

During this audit the auditing firm has cited me for not updating the budget to reflect the revenue throughout the year; however I was not cited or verbally informed that this was required during the 2007 & 2008 audit; I do submit amendments to the Budget Commission and my appropriations do not exceed the Official Certificate of Estimated Resources by the Budget Commission. However, I will begin to compare the estimated resources as certified by the Budget Commission to the actual receipts and update the budget accordingly.

In Summary:

I am mentioning that based on the audit process the current auditing firm must report on the previous audits schedule of findings. As cited in 2008 was compliance finding 2008-02 it was recorded as "the

Board of Trustee(s) meeting minutes and cash summary fund reports it was noted that several transfers from the general fund to other funds were made without a resolution from the Board approving the transfer of dollars". Also, these transfers that were mentioned did not have a clear description of the purpose of the transfer.

The current auditing firm indicates that this was partially corrected and that is not an accurate statement; the previous auditing firm explains "these transfers were done prior to the current Fiscal Officer; since appointment of the current Fiscal Officer in mid 2007 all transfers have been approved by the Board of Trustees"; In my opinion finding 2008-002 has been fully corrected as it is specific to obtaining and clarifying transfers' from the Board of Trustees and the current citation was not obtained by the Court.

**RAVENNA TOWNSHIP  
PORTAGE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Vacation Accrual	Yes	
2008-002	Ohio Revised Code 5705.14(E) – Transfer of Funds	No	Partially – The prior citation was due to the Trustees not approving the Transfers in the Minutes - This report reflects the Trustees did not obtain an order from the Common Pleas Court prior to making the Transfer

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# Dave Yost • Auditor of State

**RAVENNA TOWNSHIP**

**PORTAGE COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 21, 2011**