



**FREEDOM TOWNSHIP
PORTAGE COUNTY**

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2011 & 2010**



Dave Yost • Auditor of State

Board of Trustees
Freedom Township
7827 King Road
Ravenna, Ohio 44266

We have reviewed the *Independent Accountants' Report* of Freedom Township, Portage County, prepared by Canter & Associates, for the audit period January 1, 2010 through December 31, 2011. 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. Freedom 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

May 9, 2012

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**FREEDOM TOWNSHIP
PORTAGE COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Freedom Township
Portage County
7827 King Road
Ravenna, Ohio 44266

To the Board of Trustees:

We have audited the accompanying financial statements of Freedom Township, Portage County, (the Township) as of and for the years ended December 31, 2011 and 2010. 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 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 reporting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards require 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 the Township 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.

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, 2011 and 2010 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, 2011 and 2010, 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 reserve for encumbrances of Freedom Township, Portage County, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 2, during 2011 Freedom Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2012, on our consideration of the Government'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.



Canter & Associates
Poland, Ohio

March 29, 2012

**FREEDOM TOWNSHIP
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$84,754	\$25,426	\$0	\$110,180
Intergovernmental	65,243	135,554	102,707	303,504
Licenses, Permits, and Fees	5,843	6,185	0	12,028
Earnings on Investments	1,774	628	0	2,402
Donations	0	175	0	175
Miscellaneous	26,091	9,279	0	35,370
	<u>183,705</u>	<u>177,247</u>	<u>102,707</u>	<u>463,659</u>
Cash Disbursements:				
Current:				
General Government	180,825	43,532	0	224,357
Public Works	3,000	179,606	0	182,606
Health	0	9,341	0	9,341
Conservation/Recreation	6,884	0	0	6,884
Capital Outlay	0	0	102,707	102,707
Debt Service				
Principal Retirement	0	4,737	0	4,737
Interest and Other Fiscal Charges	0	992	0	992
	<u>190,709</u>	<u>238,208</u>	<u>102,707</u>	<u>531,624</u>
Total Receipts Over/(Under) Disbursements	<u>(7,004)</u>	<u>(60,961)</u>	<u>0</u>	<u>(67,965)</u>
Other Financing Receipts/(Disbursements):				
Transfers In	0	24,400	0	24,400
Transfers Out	(24,400)	0	0	(24,400)
	<u>(24,400)</u>	<u>24,400</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(31,404)</u>	<u>(36,561)</u>	<u>0</u>	<u>(67,965)</u>
Fund Cash Balances, January 1 (Restated - See Note 2)	<u>192,110</u>	<u>128,065</u>	<u>0</u>	<u>320,175</u>
Fund Cash Balances, December 31				
Restricted	0	90,381	0	90,381
Assigned	0	1,123	0	1,123
Unassigned	160,706	0	0	160,706
Fund Cash Balances, December 31	<u><u>\$160,706</u></u>	<u><u>\$91,504</u></u>	<u><u>\$0</u></u>	<u><u>\$252,210</u></u>

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

**FREEDOM TOWNSHIP
PORTAGE COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$86,384	\$25,915	\$0	\$112,299
Intergovernmental	74,265	157,008	46,311	277,584
Licenses, Permits, and Fees	6,486	7,135	0	13,621
Earnings on Investments	3,452	1,299	0	4,751
Donations	0	2,669	0	2,669
Miscellaneous	22,544	3,080	0	25,624
	<u>193,131</u>	<u>197,106</u>	<u>46,311</u>	<u>436,548</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	172,160	18,910	0	191,070
Public Works	3,929	150,015	0	153,944
Health	0	8,669	0	8,669
Conservation/Recreation	38,332	3,793	0	42,125
Capital Outlay	0	0	46,311	46,311
Debt Service				
Principal Retirement	0	4,863	0	4,863
Interest and Other Fiscal Charges	0	867	0	867
	<u>214,421</u>	<u>187,117</u>	<u>46,311</u>	<u>447,849</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(21,290)</u>	<u>9,989</u>	<u>0</u>	<u>(11,301)</u>
Other Financing Receipts/(Disbursements):				
Transfers In	0	11,000	0	11,000
Transfers Out	(11,000)	0	0	(11,000)
	<u>(11,000)</u>	<u>11,000</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(32,290)	20,989	0	(11,301)
Fund Cash Balances, January 1	<u>221,398</u>	<u>110,078</u>	<u>0</u>	<u>331,476</u>
Fund Cash Balances, December 31	<u>\$189,108</u>	<u>\$131,067</u>	<u>\$0</u>	<u>\$320,175</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$46,652</u>	<u>\$0</u>	<u>\$46,652</u>

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

**FREEDOM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2011**

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 Freedom 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 road and bridge maintenance and cemetery maintenance.

Jointly Governed Organizations and Public Entity Risk Pool

The Township provides fire protection to its residents through the Garrettsville-Freedom-Nelson Joint Fire District which is directed by an appointed three-member Board of Trustees. One Board Member is appointed by each political subdivision within the District. Those subdivisions are the village of Garrettsville, Freedom Township and Nelson Township. The District is solely funded by voter approved tax levies. There is no funding received from District members.

The Township also provides ambulance service to its residents through the Community Emergency Medical Service District which is directed by an appointed three-member Board of Trustees. One Board Member is appointed by each political subdivision within the district. Those subdivisions are the village of Garrettsville, Freedom Township and Nelson Township. The District is solely funded by voter approved tax levies. There is no funding received from District members.

The Township participates in one public entity risk pool. Note 8 to the financial statements provides additional information for this entity, which is;

Public Entity Risk Pool – Ohio Township Association Risk Management Authority (OTARMA) – The risk sharing pool, available to Ohio Townships provides property and casualty insurance for its members. Member governments pay annual contributions to fund OTARMA. OTRMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

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 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.

**FREEDOM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash 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 an interest bearing NOW checking account.

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 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 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.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

3. Capital Projects Funds

This funds account for resources restricted, committed or assigned for the acquisition or construction for major capital projects. The Township had the following significant Capital Projects Funds:

Ohio Public Works Commission Fund – The Township received grants from the State of Ohio to repair and construct Hankee, Vair, and Stamm roads within the Township.

**FREEDOM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2011**

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 2011 and 2010 budgetary activity appears in Note 4.

F. Fund Balance

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

1. Non-spendable

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

2. Restricted

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

**FREEDOM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

**FREEDOM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2011**

2. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND EQUITY

For 2011, the Township reclassified one fund as required by the revised fund classification guidance in Governmental Accounting Standards Board (GASB) Statement No. 54. Implementing GASB statement No. 54 had the following effect on fund balances previously reported.

Fund Type	Fund Balance 12/31/10	GASB 54 Change	Restated Fund Balance 01/01/11
General	\$189,108	\$3,002	\$192,110
Special Revenue	131,067	(3,002)	128,065
Capital Projects	0	0	0
Total	\$320,175	\$0	\$320,175

3. EQUITY IN POOLED CASH

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

	2011	2010
Demand deposits	\$252,210	\$320,175

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

Fund Type	2011 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$199,539	\$183,705	(\$15,834)
Special Revenue	245,518	201,647	(43,871)
Capital Projects	102,707	102,707	0
Total	\$547,764	\$488,059	(\$59,705)

**FREEDOM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2011**

4. BUDGETARY ACTIVITY (Continued)

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$388,645	\$215,109	\$173,536
Special Revenue	308,533	238,208	70,325
Capital Projects	102,707	102,707	0
Total	<u>\$799,885</u>	<u>\$556,024</u>	<u>\$243,861</u>

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$170,630	\$193,131	\$22,501
Special Revenue	219,971	208,106	(11,865)
Capital Projects	90,400	46,311	(44,089)
Total	<u>\$481,001</u>	<u>\$447,548</u>	<u>(\$33,453)</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$392,028	\$225,421	\$166,607
Special Revenue	280,051	233,769	46,282
Capital Projects	46,311	46,311	0
Total	<u>\$718,390</u>	<u>\$505,501</u>	<u>\$212,889</u>

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt 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.

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.

**FREEDOM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2011**

6. DEBT

Long-term obligations outstanding at December 31, 2011 and December 31, 2010 were as follows:

Issue	Interest Rate	Principal Outstanding December 31, 2011	Principal Outstanding December 31, 2010
Truck Loan:			
Ford F-450 - Middlefield Bank	4.75%	\$15,665	\$20,402

During 2009, the Township purchased a new Ford F-450 truck with a loan from Middlefield Bank. This loan is backed by the Township's taxing authority.

Remaining principal and interest payments on the loan at December 31, 2011 are as follows:

December 31, 2011			
Truck Loan			
	Principal	Interest	Totals
2012	\$4,985	\$744	\$5,729
2013	5,214	516	5,730
2014	5,466	264	5,730
Total	\$15,665	\$1,524	\$17,189

7. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10 percent of their gross salaries. The Township contributed an amount equaling 14 percent of participants' gross salaries for both years. The Township has paid all contributions required through December 31, 2011.

8. RISK MANAGEMENT

Risk Pool Membership

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

**FREEDOM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2011**

8. RISK MANAGEMENT (Continued)

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010 (the latest information available), OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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 government.

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

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, 2010 and 2009 (the latest information available).

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, liabilities noted above include approximately \$9.9 million and \$12 million of estimated incurred claims payable. The assets and net assets above also include approximately \$9.5 million and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$6,434.

**FREEDOM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2011**

8. RISK MANAGEMENT (Continued)

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

<u>Contributions to OTARMA</u>	
2009	\$8,026
2010	9,956
2011	8,694

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they 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 contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to withdrawal.



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

Freedom Township
Portage County
7827 King Road
Ravenna, Ohio 44266

To the Board of Trustees:

We have audited the financial statements of Freedom Township, Portage County, (the Township) as of and for the years ended December 31, 2011 and 2010 and have issued our report thereon dated March 29, 2012, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and also noted the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011. 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 Comptroller General of the United States' *Government Auditing Standards*.

Internal Control 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 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 deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated March 29, 2012.

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



Canter & Associates
Poland, Ohio

March 29, 2012

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Dave Yost • Auditor of State

FREEDOM 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
MAY 22, 2012**