



Mary Taylor, CPA

Auditor of State

MANAGEMENT LETTER

Revere Local School District
Summit County
3496 Everett Road
Bath, Ohio 44210-0340

To the Board of Education:

We have audited the financial statements of Revere Local School District, Summit County, Ohio, (the District) in accordance with *Government Auditing Standards*, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 15, 2009.

Government Auditing Standards require us to report significant internal control deficiencies, fraud, and illegal acts (including noncompliance with laws and regulations), and also abuse and noncompliance with contracts and grant agreements that could directly and materially affect the determination of financial statement amounts. We have issued the required report dated December 15, 2009, for the year ended June 30, 2009.

Office of Management and Budget Circular A-133 requires that we report all material (and certain immaterial) instances of noncompliance, significant deficiencies, and material weaknesses in internal control related to major federal financial assistance programs. We have issued the required report dated December 15, 2009, for the year ended June 30, 2009.

We are also submitting the following comments for your consideration regarding the District's compliance with applicable laws, regulations, grant agreements, and contract provisions. These comments reflect matters that do not require inclusion in the report *Government Auditing Standards* or Office of Management and Budget Circular A-133 require. Nevertheless, these comments represent matters for which we believe improvements in compliance might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing these recommendations. However, these comments reflect our continuing desire to assist your District. If you have questions or concerns regarding these comments please contact your regional Auditor of State office.

Noncompliance Findings

1. **Ohio Rev. Code Section 5705.39** indicates appropriations from each fund shall not exceed total estimated resources available for each fund. This section also requires the District to obtain a County Fiscal Officer's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

Noncompliance Findings (Continued)

1. Ohio Rev. Code Section 5705.39 (Continued)

At June 30, 2009, total appropriations exceeded total estimated resources as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Food Services (006)	\$900,000	\$936,376	(\$36,376)

Additionally, the District did not obtain a certificate from the County Fiscal Officer that appropriations from each fund do not exceed the total Amended Official Certificate of Estimate of Resources.

The District should monitor appropriations versus estimated resources to help avoid overspending. In addition, the Treasurer should obtain the required certificate from the County Fiscal Officer when amending appropriations and estimated resources.

2. **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 certifying that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. 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.

1. **"Then and Now" Certificate** – If the fiscal officer can certify that both at the time that 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 taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance 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.

Noncompliance Findings (Continued)

2. Ohio Rev. Code Section 5705.41(D) (Continued)

- 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 fiscal officer 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.

During fiscal year 2009, 1 of 17 (5.9%) expenditures tested was not certified by the Treasurer prior to incurring the obligation. It was also found that none of the three exceptions above was utilized for the transaction found to be in noncompliance. The Treasurer should certify the availability of funds for expenditure prior to incurring the obligation and also implement the use of Then and Now Certificates as further means to certify funds pursuant to Ohio Rev. Code Section 5705.41(D). Failure to properly certify funds could lead to the District incurring obligations it cannot meet.

We intend this report for the information and use of the audit committee, management, and the Board of Education.



Robert R. Hinkle, CPA
Chief Deputy Auditor

December 15, 2009