

STATE OF MINNESOTA

Office of the State Auditor



Patricia Anderson
State Auditor

TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA

YEAR ENDED DECEMBER 31, 2004

Description of the Office of the State Auditor

The Office of the State Auditor serves as a watchdog for Minnesota taxpayers by helping to ensure financial integrity, accountability, and cost-effectiveness in local governments throughout the state.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 250 financial and compliance audits per year and has oversight responsibilities for over 4,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice - conducts financial and legal compliance audits for local governments;

Government Information - collects and analyzes financial information for cities, towns, counties, and special districts;

Legal/Special Investigations - provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

Pension - monitors investment, financial, and actuarial reporting for over 700 public pension funds; and

Tax Increment Financing, Investment and Finance - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

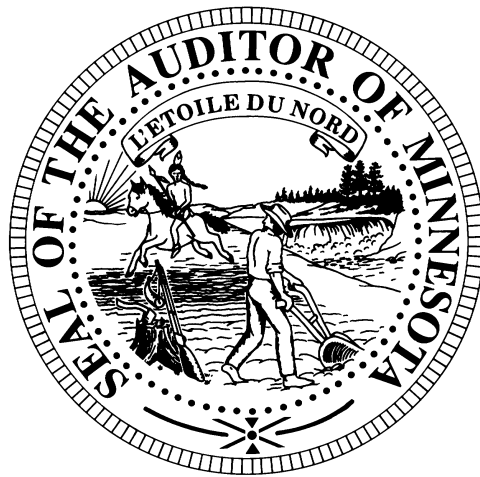
The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employee's Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

Year Ended December 31, 2004



**Audit Practice Division
Office of the State Auditor
State of Minnesota**

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**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

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**RAVENNA TOWNSHIP
DAKOTA COUNTY, MINNESOTA**

ORGANIZATION
DECEMBER 31, 2004

		<u>Term Expires</u>
Elected		
Commissioners		
Chair	Carl Reuter	March 2005
Supervisor	Henry Tressel	March 2006
Supervisor	Tim Hoffmann	March 2007
Clerk/Treasurer	Barbara Kienberger	March 2006

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STATE OF MINNESOTA

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PATRICIA ANDERSON
STATE AUDITOR

INDEPENDENT AUDITOR'S REPORT

Town Board of Supervisors
Town of Ravenna

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Ravenna, Dakota County, Minnesota, as of and for the year ended December 31, 2004, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1.C., the Town's policy is to prepare its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Ravenna as of December 31, 2004, and the respective changes in cash basis financial position thereof for the year then ended in conformity with the cash basis of accounting described in Note 1.C. to the financial statements.

The Town of Ravenna has not presented a Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison information on Statements 1 through 3 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Town of Ravenna's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.C.

/s/Pat Anderson

PATRICIA ANDERSON
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: January 24, 2005

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET CASH ASSETS
DECEMBER 31, 2004**

	<u>Primary Government Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 420,572
Net Cash Assets	
Restricted for debt service	\$ 74,304
Unrestricted	346,268
Total Net Cash Assets	<u>\$ 420,572</u>

**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

EXHIBIT 2

**STATEMENT OF ACTIVITIES ARISING FROM CASH TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Functions/Programs	Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Cash
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government				
Governmental activities				
General government	\$ 68,215	\$ 3,304	\$ -	\$ (64,911)
Public safety	91,104	43,566	-	(47,538)
Streets and highways	179,992	66,159	17,922	(95,911)
Conservation of natural resources	33,000	-	28,000	(5,000)
Principal payment on debt	82,944	-	-	(82,944)
Interest on long-term debt	8,352	-	-	(8,352)
Total governmental activities	\$ 463,607	\$ 113,029	\$ 45,922	\$ (304,656)
 General Receipts				
Taxes				
Property taxes, levied for general purposes				\$ 288,631
Property taxes, levied for debt service				33,836
Grants and contributions not restricted to specific programs				22,032
Investment earnings				1,916
Total general receipts				\$ 346,415
Change in cash				\$ 41,759
Cash - January 1				378,813
Cash - December 31				\$ 420,572

FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS

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**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

EXHIBIT 3

**BALANCE SHEET ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	<u>General Fund</u>	<u>Road and Bridge</u>	<u>Fire Protection</u>	<u>2000 Certificate of Indebtedness</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>						
Cash and cash equivalents	<u>\$ 133,806</u>	<u>\$ 157,386</u>	<u>\$ 55,076</u>	<u>\$ 43,892</u>	<u>\$ 30,412</u>	<u>\$ 420,572</u>
<u>Cash Fund Balances</u>						
Reserved for debt service	\$ -	\$ -	\$ -	\$ 43,892	\$ 30,412	\$ 74,304
Unreserved, undesignated	<u>133,806</u>	<u>157,386</u>	<u>55,076</u>	<u>-</u>	<u>-</u>	<u>346,268</u>
Total Cash Fund Balances	<u>\$ 133,806</u>	<u>\$ 157,386</u>	<u>\$ 55,076</u>	<u>\$ 43,892</u>	<u>\$ 30,412</u>	<u>\$ 420,572</u>

**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

EXHIBIT 4

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General Fund</u>	<u>Road and Bridge</u>	<u>Fire Protection</u>	<u>2000 Certificate of Indebtedness</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts						
Property taxes	\$ 51,962	\$ 183,682	\$ 52,987	\$ 722	\$ 33,114	\$ 322,467
Special assessments	-	-	-	37,172	28,987	66,159
Licenses and permits	44,786	-	-	-	-	44,786
Intergovernmental	4,027	29,996	3,601	-	30,330	67,954
Charges for services	136	-	-	-	-	136
Fines and forfeits	999	-	-	-	-	999
Investment earnings	1,916	-	-	-	-	1,916
Miscellaneous	949	-	-	-	-	949
Total Receipts	\$ 104,775	\$ 213,678	\$ 56,588	\$ 37,894	\$ 92,431	\$ 505,366
Disbursements						
Current						
General government	\$ 58,540	\$ 636	\$ -	\$ -	\$ -	\$ 59,176
Public safety	36,345	-	54,759	-	-	91,104
Public works	-	179,992	-	-	-	179,992
Conservation of natural resources	-	-	-	-	33,000	33,000
Debt service						
Principal	-	-	-	26,922	56,022	82,944
Interest and other charges	-	-	-	958	7,394	8,352
Capital outlay	-	-	-	-	9,039	9,039
Total Disbursements	\$ 94,885	\$ 180,628	\$ 54,759	\$ 27,880	\$ 105,455	\$ 463,607
Excess (Deficiency) of Receipts Over Disbursements	\$ 9,890	\$ 33,050	\$ 1,829	\$ 10,014	\$ (13,024)	\$ 41,759
Other Financing Sources (Uses)						
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 23,182	\$ 23,182
Transfers out	(23,182)	-	-	-	-	(23,182)
Total Other Financing Sources (Uses)	\$ (23,182)	\$ -	\$ -	\$ -	\$ 23,182	\$ -
Net Change in Cash Fund Balances	\$ (13,292)	\$ 33,050	\$ 1,829	\$ 10,014	\$ 10,158	\$ 41,759
Cash Balances - January 1	147,098	124,336	53,247	33,878	20,254	378,813
Cash Balances - December 31	\$ 133,806	\$ 157,386	\$ 55,076	\$ 43,892	\$ 30,412	\$ 420,572

FIDUCIARY FUNDS

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**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

EXHIBIT 5

**STATEMENT OF CHANGES IN CASH BALANCES
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Cash Balance January 1</u>	<u>Cash Additions</u>	<u>Cash Deductions</u>	<u>Cash Balance December 31</u>
Agency Funds				
Minnesota surcharge	\$ -	\$ 1,387	\$ 1,318	\$ 69
Dakota County septic surcharges	<u>80</u>	<u>640</u>	<u>720</u>	<u>-</u>
Total Agency Funds	<u>\$ 80</u>	<u>\$ 2,027</u>	<u>\$ 2,038</u>	<u>\$ 69</u>

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**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2004

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Town of Ravenna is an organized township having the powers, duties, and privileges granted towns by Minn. Stat. ch. 365.

The Town of Ravenna is governed by a three-member Board of Supervisors who are elected to three-year terms. The form of government includes a Clerk and Treasurer who are elected for three year terms.

B. Basis of Presentation

1. Government-Wide Statements

The government-wide statements (statement of net cash assets and the statement of activities arising from cash transactions) display information about the Town. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from enterprise-type activities, which rely to a significant extent on fees and charges to external parties for support.

In the government-wide statement of net cash assets, the governmental activities are presented on a consolidated basis. The Town's net cash assets are reported in two parts--restricted net cash assets and unrestricted net cash assets. The Town first utilizes restricted resources to finance qualifying activities.

The statement of activities arising from cash transactions demonstrates the degree to which direct disbursements of each function of the Town's activities are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function or activity. Program receipts include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity. Receipts not classified as program revenues, including all taxes, are presented as general receipts.

**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basis of Presentation (Continued)

2. Fund Financial Statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category--governmental and fiduciary--are presented. The emphasis of governmental fund financial statements is on major individual governmental funds, with each displayed as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

The General Fund accounts for all receipts and disbursements of the Town not accounted for in other funds.

The Road and Bridge Special Revenue Fund accounts for the receipts and disbursements used to finance construction and maintenance costs of Town roads and bridges.

The Fire Protection Special Revenue Fund accounts for the receipts and disbursements used to provide fire protection to the residents of the Town.

The 2000 Certificate of Indebtedness Debt Service Fund accounts for the servicing of a certificate of indebtedness.

Additionally, the Town reports the following fiduciary fund:

The Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the Town holds for others in an agent capacity.

C. Basis of Accounting

The Town of Ravenna's accounts are maintained on a cash basis. Receipts are recorded when cash is received, and disbursements are recognized when checks are issued. These statements do not give effect to accounts receivable, accounts payable, or other accrued items and, therefore, are not presented in accordance with generally accepted accounting principles.

**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

D. Capital Assets

The Town records capital assets as disbursements at the time of their purchase.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

The Town of Ravenna's electors vote to authorize the amount of money to be raised for a given year through tax levies for Town purposes in accordance with Minn. Stat. §§ 365.10 and 365.431. This vote occurs at the Town's annual meeting in March. The Town's Board may not spend more than the amount approved for the levy at the annual meeting without approval from a majority of the electors, in accordance with Minn. Stat. § 365.43, subd. 1, nor may the Town spend money from one fund on projects outside the activities of that fund without unanimous approval from the Town Board, in accordance with Minn. Stat. § 366.04.

The General Fund had disbursements in excess of budget for the year ended December 31, 2004:

<u>Disbursements</u>	<u>Budget</u>	<u>Excess</u>
\$ 94,885	\$ 92,665	\$ 2,220

3. Detailed Notes - Transaction Classes/Accounts

A. Deposits and Investments

Minn. Stat. §§ 118A.02 and 118A.04 authorize the Town to deposit its cash in financial institutions designated by the Board. Minnesota statutes require all of the Town's deposits to be covered by insurance, surety bond, or collateral.

At December 31, 2004, the Town of Ravenna's bank deposits were \$438,214. The book value of these deposits was \$420,491.

**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

3. Detailed Notes - Transaction Classes/Accounts

A. Deposits and Investments (Continued)

Following is a summary of the December 31, 2004, bank deposits covered by insurance or collateral:

Covered deposits	\$ 100,000
Insured or collateralized with securities held by the Town or its agents in the Town's name	282,541
Uninsured and uncollateralized	<u>55,673</u>
Total	<u>\$ 438,214</u>

Following is a summary of the carrying values of the Town of Ravenna's deposits at December 31, 2004:

Checking account	\$ 306,485
Savings account	<u>114,006</u>
Total deposits	\$ 420,491
Petty cash	<u>150</u>
Total Cash and Cash Equivalents	<u>\$ 420,641</u>

The Town of Ravenna's deposits as shown in the financial statements follows:

Governmental activities	\$ 420,572
Agency funds	<u>69</u>
Total	<u>\$ 420,641</u>

B. Property Taxes

Taxes are billed by Dakota County to individual property owners within the Town of Ravenna annually and, for the most part, are due and payable in January, but may be paid in two equal installments on or before May 15 and October 14 without penalty. Dakota County is the collecting agency for these levies and remits the collections to the Town three times a year. Tax collections are ordinarily recorded in the Town's receipts register when received.

**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

3. Detailed Notes - Transaction Classes/Accounts (Continued)

C. Restricted Assets

Cash recorded in the debt service fund is restricted for the retirement of outstanding debt of the Town.

D. Interfund Transfers

The General Fund transferred \$8,741 and \$14,441 to the Etter Creek Restoration Project Special Revenue Fund and the Town Hall Improvements Capital Projects Fund, respectively, to cover deficit balances.

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Pension Plan

Plan Description

All full-time and certain part-time employees of the Town of Ravenna are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). The PERA administers the Public Employees Retirement Fund, which is a cost-sharing, multiple-employer retirement plan. The plan is established and administered in accordance with Minn. Stat. chs. 353 and 356.

Public Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security, and Basic Plan members are not. All new members must participate in the Coordinated Plan.

The PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated

**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Pension Plan

Plan Description (Continued)

Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Using Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service.

For Public Employees Retirement Fund members whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. A reduced retirement annuity is also available to eligible members seeking early retirement.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated public service.

The PERA issues a publicly available financial report that includes financial statements and required supplementary information for the Public Employees Retirement Fund. That report may be obtained on the web at mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

Funding Policy

Pension benefits are funded from member and employer contributions and income from investment of fund assets. Minn. Stat. ch. 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The Town makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 5.10 percent, respectively, of their annual covered salary. The Town is required to contribute the following percentages of annual covered payroll:

Public Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	5.53

**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Pension Plan

Funding Policy (Continued)

The Town's contributions for the years ending December 31, 2004, 2003, and 2002, were \$661, \$620, and \$699, respectively, equal to the contractually required contributions for each year as set by state statute.

B. Defined Contribution Plan

The Public Employees Defined Contribution Plan is a multiple-employer deferred compensation plan for elected local government officials, except elected county sheriffs. The plan is established and administered in accordance with Minn. Stat. ch. 353D.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minn. Stat. § 353D.03 specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer.

No vesting period is required to receive benefits in the Defined Contribution Plan. At the time of retirement or termination, the market value of the member's account is distributed to the member or another qualified plan.

The Town's contributions for the years ended December 31, 2004, 2003, and 2002, were \$276, \$261, and \$218, respectively, equal to the contractually required contributions for each year as set by statute.

5. Risk Management

The Town of Ravenna is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to the Town's officers and employees; and natural disasters. The Town participates in the Minnesota Association of Townships Insurance and Bond Trust (MATIT), a joint powers organization under Minn. Stat. § 471.59 to provide insurance and risk management programs to eligible townships. The Town has the following coverage with MATIT: public official's errors and omissions, workers compensation, property, auto, and liability. There were no significant reductions in insurance coverage from the previous year. There were no settlements in excess of insurance for any of the past three fiscal years.

**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

6. Contingent Liabilities

The Town of Ravenna is currently involved in various litigation, claims, and judgments. Although the outcome is not presently determinable, in the opinion of the Town's attorney, the resolution will not have a material adverse effect on the financial condition of the Town.

REQUIRED SUPPLEMENTARY INFORMATION

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**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

Statement 1

**BUDGETARY COMPARISON STATEMENT - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Receipts				
Property taxes	\$ 56,345	\$ 56,345	\$ 51,962	\$ (4,383)
Licenses and permits	36,020	36,020	44,786	8,766
Intergovernmental	-	-	4,027	4,027
Charges for services	300	300	136	(164)
Fines and forfeits	-	-	999	999
Investment earnings	400	400	1,916	1,516
Miscellaneous	-	-	949	949
Total Receipts	\$ 93,065	\$ 93,065	\$ 104,775	\$ 11,710
Disbursements				
Current				
General government				
Town board	\$ 32,810	\$ 32,810	\$ 25,251	\$ 7,559
Clerk/Treasurer	6,125	6,125	1,734	4,391
Town hall, general government buildings	21,920	21,920	22,170	(250)
Township attorney	2,500	2,500	4,865	(2,365)
Other general government	4,910	4,910	4,520	390
Total general government	\$ 68,265	\$ 68,265	\$ 58,540	\$ 9,725
Public safety				
Inspections	\$ 24,000	\$ 24,000	\$ 36,345	\$ (12,345)
Animal control	400	400	-	400
Total public safety	\$ 24,400	\$ 24,400	\$ 36,345	\$ (11,945)
Total Disbursements	\$ 92,665	\$ 92,665	\$ 94,885	\$ (2,220)
Excess (Deficiency) of Receipts Over Disbursements	\$ 400	\$ 400	\$ 9,890	\$ 9,490
Other Financing Sources (Uses)				
Transfers out	-	-	(23,182)	(23,182)
Net Change in Cash Balances	\$ 400	\$ 400	\$ (13,292)	\$ (13,692)
Cash - January 1	147,098	147,098	147,098	-
Cash - December 31	\$ 147,498	\$ 147,498	\$ 133,806	\$ (13,692)

**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

Statement 2

**BUDGETARY COMPARISON STATEMENT - CASH BASIS
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Receipts				
Property taxes	\$ 195,600	\$ 195,600	\$ 183,682	\$ (11,918)
Intergovernmental	17,000	17,000	29,996	12,996
Total Receipts	\$ 212,600	\$ 212,600	\$ 213,678	\$ 1,078
Disbursements				
Current				
General government				
Other general government	\$ 1,000	\$ 1,000	\$ 636	\$ 364
Public works				
Highways, streets, and roadways	\$ 207,500	\$ 207,500	\$ 154,419	\$ 53,081
Ice and snow removal	31,200	31,200	19,851	11,349
Weed control	22,000	22,000	5,182	16,818
Storm drainage	12,000	12,000	-	12,000
Miscellaneous	900	900	540	360
Total public works	\$ 273,600	\$ 273,600	\$ 179,992	\$ 93,608
Total Disbursements	\$ 274,600	\$ 274,600	\$ 180,628	\$ 93,972
Excess (Deficiency) of Receipts Over Disbursements	\$ (62,000)	\$ (62,000)	\$ 33,050	\$ 95,050
Cash - January 1	124,336	124,336	124,336	-
Cash - December 31	\$ 62,336	\$ 62,336	\$ 157,386	\$ 95,050

**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

Statement 3

**BUDGETARY COMPARISON STATEMENT - CASH BASIS
FIRE PROTECTION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Receipts				
Property taxes	\$ 57,000	\$ 57,000	\$ 52,987	\$ (4,013)
Intergovernmental	-	-	3,601	3,601
Total Receipts	<u>\$ 57,000</u>	<u>\$ 57,000</u>	<u>\$ 56,588</u>	<u>\$ (412)</u>
Disbursements				
Current				
Public safety				
Fire protection	<u>\$ 57,000</u>	<u>\$ 57,000</u>	<u>\$ 54,759</u>	<u>\$ 2,241</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,829</u>	<u>\$ 1,829</u>
Cash - January 1	<u>53,247</u>	<u>53,247</u>	<u>53,247</u>	<u>-</u>
Cash - December 31	<u><u>\$ 53,247</u></u>	<u><u>\$ 53,247</u></u>	<u><u>\$ 55,076</u></u>	<u><u>\$ 1,829</u></u>

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**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2004

1. Budgetary Information

The Town of Ravenna's electors vote to authorize the amount of money to be raised for a given year through tax levies for Town purposes in accordance with Minn. Stat. §§ 365.10 and 365.431. This vote occurs at the Town's annual meeting in March.

2. Excess of Disbursements Over Budget

For the year ended December 31, 2004, disbursements exceeded the budget in the General Fund by \$2,220.

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SUPPLEMENTARY INFORMATION

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**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

Statement 4

**COMBINING BALANCE SHEET ARISING FROM CASH TRANSACTIONS
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	<u>Debt Service Funds</u>		
	<u>2001 Certificate of Indebtedness</u>	<u>2002 Certificate of Indebtedness</u>	<u>Total</u>
Assets			
Cash and cash equivalents	<u>\$ 16,784</u>	<u>\$ 13,628</u>	<u>\$ 30,412</u>
 Cash Fund Balances			
Reserved for debt service	<u>\$ 16,784</u>	<u>\$ 13,628</u>	<u>\$ 30,412</u>

**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

Statement 5

**COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Special Revenue Fund</u>	<u>Debt Service Funds</u>		<u>Capital Projects Fund</u>	<u>Total</u>
	<u>Etter Creek Restoration Project</u>	<u>2001 Certificate of Indebtedness</u>	<u>2002 Certificate of Indebtedness</u>	<u>Town Hall Improvements</u>	
Receipts					
Property taxes	\$ -	\$ 33,114	\$ -	\$ -	\$ 33,114
Special assessments	-	5,331	23,656	-	28,987
Intergovernmental					
Federal grant	28,000	-	-	-	28,000
State grants					
Market value credit	-	2,330	-	-	2,330
Total Receipts	\$ 28,000	\$ 40,775	\$ 23,656	\$ -	\$ 92,431
Disbursements					
Current					
Conservation of natural resources					
Watershed restoration	\$ 33,000	\$ -	\$ -	\$ -	\$ 33,000
Debt service					
Principal	-	36,889	19,133	-	56,022
Interest and other charges	-	4,585	2,809	-	7,394
Capital outlay	-	-	-	9,039	9,039
Total Disbursements	\$ 33,000	\$ 41,474	\$ 21,942	\$ 9,039	\$ 105,455
Excess (Deficiency) of Receipts Over Disbursements	\$ (5,000)	\$ (699)	\$ 1,714	\$ (9,039)	\$ (13,024)
Other Financing Sources (Uses)					
Transfers in	8,741	-	-	14,441	23,182
Net Change in Cash Balances	\$ 3,741	\$ (699)	\$ 1,714	\$ 5,402	\$ 10,158
Cash - January 1	(3,741)	17,483	11,914	(5,402)	20,254
Cash - December 31	\$ -	\$ 16,784	\$ 13,628	\$ -	\$ 30,412

**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

Schedule 1

**SCHEDULE OF LONG-TERM OBLIGATIONS
DECEMBER 31, 2004**

	Interest	Amount
Long-term debt outstanding is as follows:		
\$166,000 2001 Road Improvement Certificate of Indebtedness maturing semi-annually through July 2006.	4.25%	\$ 73,625
\$122,000 2002 Road Improvement Certificate of Indebtedness maturing semi-annually through July 2007.	3.85%	57,400
		\$ 131,025

Annual debt service requirements to maturity for debt outstanding, including interest of \$8,080, is as follows:

Year Ending December 31	Principal	Interest	Total
2005	\$ 56,023	\$ 4,964	\$ 60,987
2006	37,577	2,145	39,722
2007	37,425	971	38,396
Total	\$ 131,025	\$ 8,080	\$ 139,105

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**TOWN OF RAVENNA
DAKOTA COUNTY, MINNESOTA**

Schedule 2

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2004

MINNESOTA LEGAL COMPLIANCE

PREVIOUSLY REPORTED ITEM NOT RESOLVED

03-1 **Insufficient Collateral to Secure Deposits**

Minn. Stat. § 118A.03, subd. 3, requires the total amount of the collateral computed at its market value shall be at least ten percent more than the amount on deposit plus accrued interest, in excess of FDIC insurance. Even though more collateral was pledged in 2004, at December 31, 2003 and 2004, the collateral pledged by Vermillion State Bank was insufficient to comply with the statute.

We recommend that the Town of Ravenna comply with statutes and ensure that the necessary collateral is pledged to secure Town deposits.

ITEM ARISING THIS YEAR

04-1 **Withholding Certificate**

The Town did not obtain withholding certificates (*Withholding Affidavit for Contractors*, IC-134 forms) from the contractors for contracts involving labor prior to making final payment.

Minn. Stat. § 290.97 requires that no governmental subdivision of the state shall make final settlement with any contractor under a contract requiring the employment of employees for wages by said contractor and by subcontractors until satisfactory showing is made that said contractor or subcontractor has complied with the provisions of Minn. Stat. § 290.92. The IC-134 form contains a certificate of compliance that meets the requirements of Minn. Stat. § 290.97 when it is signed by the Minnesota Department of Revenue.

We recommend that the Town comply with Minn. Stat. § 290.97 by obtaining withholding certificates (*Withholding Affidavit for Contractors*, IC-134 forms) from the contractors for contracts involving labor prior to making final payment.

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STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

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PATRICIA ANDERSON
STATE AUDITOR

REPORT ON MINNESOTA LEGAL COMPLIANCE

Town Board of Supervisors
Town of Ravenna

We have audited the financial statements of the Town of Ravenna as of and for the year ended December 31, 2004, and have issued our report thereon dated January 24, 2005.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* contains five categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, and claims and disbursements. Our study included all of the listed categories.

The results of our tests indicate that, for the items tested, the Town of Ravenna complied with the material terms and conditions of applicable legal provisions, except as described in the Schedule of Findings and Recommendations as items 03-1 and 04-1.

This report is intended for the information of the Town Board of Supervisors and management and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Pat Anderson

/s/Greg Hierlinger

PATRICIA ANDERSON
STATE AUDITOR

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: January 24, 2005