



**Mary Taylor, CPA**  
Auditor of State



COLLEGE TOWNSHIP  
KNOX COUNTY

TABLE OF CONTENTS

| TITLE   | PAGE |
|---|------|
| Cover Letter .....  | 1    |
| Independent Accountants' Report.....  | 3    |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Fund Cash Balances - All Governmental Fund Types -<br>For the Year Ended December 31, 2007 .....   | 5    |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Fund Cash Balances - All Governmental Fund Types -<br>For the Year Ended December 31, 2006.....    | 6    |
| Notes to the Financial Statements .....   | 7    |
| Independent Accountants' Report on Internal Control Over<br>Financial Reporting and on Compliance and Other Matters<br>Required by <i>Government Auditing Standards</i> ..... | 13   |
| Schedule of Findings .....  | 15   |

**This page intentionally left blank.**



Mary Taylor, CPA  
Auditor of State

College Township  
Knox County  
PO Box 540  
Gambier, Ohio 43022

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Township 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

July 7, 2008

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

College Township  
Knox County  
PO Box 540  
Gambier, Ohio 43022

To the Board of Trustees:

We have audited the accompanying financial statements of College Township, Knox County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006. 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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.

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, 2007 and 2006 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, 2007 and 2006, 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 of College Township, Knox County, Ohio, as of December 31, 2007 and 2006, 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 July 7, 2008, 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.



**Mary Taylor, CPA**  
Auditor of State

July 7, 2008



**COLLEGE TOWNSHIP  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

|  | <u>Governmental Fund Types</u> |                              | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|--------------------------------|------------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u>   |   |
| <b>Cash Receipts:</b>  |                                |                              |   |
| Property and Other Local Taxes   | \$40,680                       | \$53,018                     | \$93,698                                |
| Charges for Services   | 0                              | 102,000                      | 102,000                                 |
| Licenses, Permits, and Fees  | 826                            | 0                            | 826                                     |
| Intergovernmental  | 160,780                        | 102,450                      | 263,230                                 |
| Earnings on Investments  | 7,880                          | 1,782                        | 9,662                                   |
| Miscellaneous  | 4,394                          | 18,210                       | 22,604                                  |
|  | <hr/>                          | <hr/>                        | <hr/>                                   |
| Total Cash Receipts  | 214,560                        | 277,460                      | 492,020                                 |
| <b>Cash Disbursements:</b>   |                                |                              |   |
| Current:   |                                |                              |   |
| General Government   | 88,893                         | 16,614                       | 105,507                                 |
| Public Safety  | 0                              | 252,722                      | 252,722                                 |
| Public Works   | 0                              | 44,307                       | 44,307                                  |
| Capital Outlay   | 0                              | 10,000                       | 10,000                                  |
|  | <hr/>                          | <hr/>                        | <hr/>                                   |
| Total Cash Disbursements   | 88,893                         | 323,643                      | 412,536                                 |
| Total Receipts Over/(Under) Disbursements  | <hr/>                          | <hr/>                        | <hr/>                                   |
|  | 125,667                        | (46,183)                     | 79,484                                  |
| <b>Other Financing Receipts / (Disbursements):</b>   |                                |                              |   |
| Sale of Fixed Assets   | 0                              | 9,000                        | 9,000                                   |
| Other Financing (Uses)   | (132)                          | 0                            | (132)                                   |
|  | <hr/>                          | <hr/>                        | <hr/>                                   |
| Total Other Financing Receipts / (Disbursements)   | (132)                          | 9,000                        | 8,868                                   |
| Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements | <hr/>                          | <hr/>                        | <hr/>                                   |
|  | 125,535                        | (37,183)                     | 88,352                                  |
| Fund Cash Balances, January 1  | <hr/>                          | <hr/>                        | <hr/>                                   |
|  | 64,702                         | 212,189                      | 276,891                                 |
| <b>Fund Cash Balances, December 31</b>   | <hr/> <b>\$190,237</b> <hr/>   | <hr/> <b>\$175,006</b> <hr/> | <hr/> <b>\$365,243</b> <hr/>            |

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

**COLLEGE TOWNSHIP  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|   | <u>Governmental Fund Types</u> |                            | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---|--------------------------------|----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> |   |
| <b>Cash Receipts:</b>   |                                |                            |   |
| Property and Other Local Taxes  | \$39,980                       | \$51,965                   | \$91,945                                |
| Charges for Services  | 0                              | 102,000                    | 102,000                                 |
| Licenses, Permits, and Fees   | 687                            | 0                          | 687                                     |
| Intergovernmental   | 42,800                         | 100,349                    | 143,149                                 |
| Earnings on Investments   | 6,501                          | 1,448                      | 7,949                                   |
| Miscellaneous   | 795                            | 103,944                    | 104,739                                 |
|   | <u>90,763</u>                  | <u>359,706</u>             | <u>450,469</u>                          |
| <b>Total Cash Receipts</b>  |                                |                            |   |
| <b>Cash Disbursements:</b>  |                                |                            |   |
| Current:  |                                |                            |   |
| General Government  | 72,283                         | 13,782                     | 86,065                                  |
| Public Safety   | 200                            | 244,248                    | 244,448                                 |
| Public Works  | 0                              | 111,383                    | 111,383                                 |
| Health  | 750                            | 0                          | 750                                     |
| Capital Outlay  | 0                              | 64,926                     | 64,926                                  |
|   | <u>73,233</u>                  | <u>434,339</u>             | <u>507,572</u>                          |
| <b>Total Cash Disbursements</b>   |                                |                            |   |
| Total Receipts Over/(Under) Disbursements   | <u>17,530</u>                  | <u>(74,633)</u>            | <u>(57,103)</u>                         |
| <b>Other Financing Receipts:</b>  |                                |                            |   |
| Sale of Fixed Assets  | <u>0</u>                       | <u>16,000</u>              | <u>16,000</u>                           |
| Excess of Cash Receipts and Other Financing<br>Receipts Over / (Under) Cash Disbursements | 17,530                         | (58,633)                   | (41,103)                                |
| Fund Cash Balances, January 1   | <u>47,172</u>                  | <u>270,822</u>             | <u>317,994</u>                          |
| <b>Fund Cash Balances, December 31</b>  | <b><u>\$64,702</u></b>         | <b><u>\$212,189</u></b>    | <b><u>\$276,891</u></b>                 |

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

**COLLEGE TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**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 College Township, Knox County, Ohio (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, including road and bridge maintenance and fire protection and emergency medical services.

The Township participates in the Ohio Government Risk Management Plan pool (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments. Note 6 to the financial statements provides additional information for this entity.

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. 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 values certificates of deposit at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**COLLEGE TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

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

**D. Fund Accounting (Continued)**

**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:

Fire District Fund - This fund receives property tax money, receipts from contracts, and contributions for the purpose of providing fire protection services.

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

**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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**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.

**COLLEGE TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

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

**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.

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

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

|                         | 2007      | 2006      |
|-------------------------|-----------|-----------|
| Demand deposits         | \$165,243 | \$126,891 |
| Certificates of deposit | 200,000   | 150,000   |
| Total deposits          | \$365,243 | \$276,891 |

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance    |
|-----------------|----------------------|--------------------|-------------|
| General         | \$236,183            | \$214,560          | (\$21,623)  |
| Special Revenue | 391,900              | 286,460            | (105,440)   |
| Total           | \$628,083            | \$501,020          | (\$127,063) |

2007 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type       | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
|-----------------|----------------------------|---------------------------|-----------|
| General         | \$283,041                  | \$89,025                  | \$194,016 |
| Special Revenue | 571,934                    | 323,643                   | 248,291   |
| Total           | \$854,975                  | \$412,668                 | \$442,307 |

2006 Budgeted vs. Actual Receipts

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
|-----------------|----------------------|--------------------|----------|
| General         | \$68,796             | \$90,763           | \$21,967 |
| Special Revenue | 315,740              | 375,706            | 59,966   |
| Total           | \$384,536            | \$466,469          | \$81,933 |

**COLLEGE TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. Budgetary Activity (Continued)**

| 2006 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$115,967                  | \$73,233                  | \$42,734  |
| Special Revenue                                       | 586,561                    | 434,339                   | 152,222   |
| Total   | \$702,528                  | \$507,572                 | \$194,956 |

**4. 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.

**5. 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 benefits, which include post retirement healthcare and survivor and disability benefits. Contribution rates are also prescribed by the Ohio Revised Code. For 2006, OPERS members contributed 9% of their gross salaries and for 2007 members contribute 9.5% of their gross salaries. The Township contributed an amount equaling 13.70% and 13.85%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

**6. Risk Management**

**Risk Pool Membership**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

COLLEGE TOWNSHIP  
KNOX COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)

6. Risk Management (Continued)

Risk Pool Membership (Continued)

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

|                 | <u>2007</u>        | <u>2006</u>        |
|-----------------|--------------------|--------------------|
| Assets          | \$11,136,455       | \$9,620,148        |
| Liabilities     | <u>(4,273,553)</u> | <u>(3,329,620)</u> |
| Members' Equity | <u>\$6,862,902</u> | <u>\$6,290,528</u> |

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**This page intentionally left blank.**





# Mary Taylor, CPA

Auditor of State

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

College Township  
Knox County  
PO Box 540  
Gambier, Ohio 43022

To the Township Board of Trustees:

We have audited the financial statements of College Township, Knox County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated July 7, 2008, 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 also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine 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.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

88 E. Broad St. / Tenth Floor / Columbus, OH 43215-3506  
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above we believe findings number 2007-001 and 2007-002 are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated July 7, 2008.

#### **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 that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001, 2007-003 and 2007-004.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 7, 2008.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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



**Mary Taylor, CPA**  
Auditor of State

July 7, 2008

**COLLEGE TOWNSHIP  
KNOX COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

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

**FINDING NUMBER 2007-001**

**Noncompliance Citation and Significant Deficiency/Material Weakness**

**Posting of Receipts**

**Ohio Rev. Code § 5705.10(D)** states, in part, that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

The Township Fiscal Officer misposted the below receipts to the noted funds. These errors lead to non-compliance, inaccurate financial records and the inaccurate reporting of fund balances of the respective funds.

| Year | Description                       | General<br>Fund   | Motor<br>Vehicle<br>License | Gas Tax         | Fire<br>District  | New<br>Permissive |
|------|-----------------------------------|-------------------|-----------------------------|-----------------|-------------------|-------------------|
| 2006 | Gas Tax/Cents per Gallon          | \$ (2,156)        | \$ -                        | \$ 4,800        | \$ (2,644)        | \$ -              |
|      | Motor Vehicle License Tax         | -                 | 2,017                       | -               | -                 | (2,017)           |
|      | <b>Net Effect on Fund Balance</b> | <u>\$ (2,156)</u> | <u>\$ 2,017</u>             | <u>\$ 4,800</u> | <u>\$ (2,644)</u> | <u>\$ (2,017)</u> |
| 2007 | Motor Vehicle License Tax         | \$ -              | \$ 1,704                    | \$ -            | \$ -              | \$ (1,704)        |
|      | <b>Net Effect on Fund Balance</b> | <u>\$ -</u>       | <u>\$ 1,704</u>             | <u>\$ -</u>     | <u>\$ -</u>       | <u>\$ (1,704)</u> |

We recommend the Township's Fiscal Officer take steps to ensure the accurate posting of all transactions to the ledgers in accordance with the above Ohio Revised Code section. By exercising accuracy in recording financial activity, the Township can reduce posting errors and increase the reliability of the financial data throughout the year.

The Township has posted the necessary adjustments to their accounting system and financial statements to the above noted funds.

**Officials' Response:**

The College Township Fiscal Officer has taken steps to ensure the accurate posting of all transaction to the ledgers in accordance with the ORC by making the necessary adjustments with UAN for the audit years of 2006 and 2007. And further, the Fiscal Officer has initiated correct recording of the financial activity for the Township and will reduce posting errors and increase the reliability of the financial data here forward.

**COLLEGE TOWNSHIP  
KNOX COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2007-002**

**Significant Deficiency / Material Weakness**

**Financial Statement Presentation**

A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements.

The Fiscal Officer did not always accurately post receipts and disbursements to the Township's accounting system. In addition to those noted in Finding Number 2007-001, the following posting errors were noted:

- Intergovernmental receipts were posted as Taxes in the General, Motor Vehicle License, Fire, and New Permissive Funds - FY07 (\$14,451); FY06 (\$6,985).
- A certificate of deposit rollover was posted as a receipt in the Fire Fund - FY07 (\$50,000).
- Certificate of deposit purchases were posted as expenditures in the General and Fire Funds - FY06 (\$20,000 & \$30,000 respectively)
- Proceeds from the sale of two vehicles were posted as miscellaneous receipts; they should have been posted as sale of assets in the Fire Fund - FY07 (\$9,000); FY06 (\$16,000).

Not posting receipts and disbursements accurately to the ledgers resulted in the financial statements requiring numerous audit adjustments and reclassification entries; furthermore, inaccurate accounting records could make it difficult for the Board of Trustees to effectively manage and budget for the Township's activities.

We recommend the Township's Fiscal Officer take steps to ensure the accurate posting of all transactions to the ledgers. Cash receipts and disbursements should be posted in accordance with procedures and posting guidelines established in the Uniform Accounting Network line item descriptions and Auditor of State Bulletins. By exercising accuracy in recording financial activity, the Township can reduce posting errors and increase the reliability of the financial data throughout the year.

We also recommend the Township implement additional procedures over the completeness and accuracy of financial information reported within the annual financial report. Such procedures may include review of the financial statements and related components with analytical comparisons of the current year annual report to the prior year reports for obvious errors or omissions.

The Township's financial statements and accounting records have been adjusted to accurately reflect the proper line item classifications and fund postings.

**Officials' Response:**

The College Township Fiscal Officer has taken steps to ensure the accurate posting of all transaction to the ledgers in accordance with the ORC by making the necessary adjustments with UAN for the audit years 2006 and 2007. And further, the Fiscal Officer will review and study the procedures and posting guidelines established in the UAN line item descriptions and the Auditor of State Bulletins to reduce posting errors and increase the reliability of the financial data throughout the year. Additionally, the Fiscal Officer will provide the Trustees with analytical comparisons of past and current budget year data for obvious errors or omissions on a regular basis.

COLLEGE TOWNSHIP  
KNOX COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)

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

FINDING NUMBER 2007-003

**Noncompliance Citation -Significant Deficiency**

**Maintenance of the Underlying Documentation and Support of Financial Transactions**

Maintaining organized documentation and support for financial transactions is essential in assuring the Township's financial statements are accurately presented and that all expenditures are made for a proper public purpose.

Additionally, **Ohio Rev. Code Section 149.351** requires that all records that are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by Ohio Rev. Code Sections 149.38 through 149.42.

We noted the following issues in regard to the organization of financial records as well as the underlying documentation and support of certain financial transactions:

1. Township records had to be returned to the Fiscal Officer to be organized for audit due primarily to supporting documentation of disbursements not being attached to copy of the payment voucher.
2. In fiscal year 2007, ten credit card payments had one or more purchase receipts missing for purchases listed on the statement. In 2006, the number of statements that had one or more missing purchase receipts was seven.
3. The support for the Township's Certificates of Deposit (CD's) were such that the Fiscal Officer was unable to determine what CD's the Township had at fiscal year end.

In regard to item number 2 above the credit card statement identified the vendor and dates of transactions and from this we were able to tie certain transactions to approval in the Board minutes. Also, we met with the two of the Township's Trustee's as well as the Township's Fire Chief and discussed the issue of the missing purchase receipts. At the meeting the Trustees and/or the Fire Chief were able to corroborate that the items listed on the credit card statement were for a proper public purpose. Furthermore, in a letter dated May 14, 2008 the Township Trustees examined the list of missing purchase receipts we provided and stated that the expenses were valid and for a valid public purpose. We were able to corroborate their assertions by either the minutes of the Township and/or the brief description provided on the credit card statement.

In regard to item number 3 above, the Fiscal Officer made several transactions during fiscal years 2006 and 2007 involving the purchase, rollover, and combining of Certificates of Deposit (CD). The Fiscal Officer maintained a folder containing information on some of the CD's and certain transactions; however, there was no way to determine what CD's the Township had at any given time. We were able to confirm CD balances with the Township's financial institution at December 31, 2007 and 2006.

COLLEGE TOWNSHIP  
KNOX COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)

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

FINDING NUMBER 2007-003  
(Continued)

**Maintenance of the Underlying Documentation and Support of Financial Transactions (Continued)**

Failure to maintain organized underlying documentation and support of financial transactions can increase the risk of fraud, inaccurate financial statements, and expenditures that are not for a proper public purpose.

We recommend that the Township develop a policy in accordance with all applicable Ohio Admin. Code requirements over supporting documentation of financial transactions and the manner in which the support shall be maintained and organized. We further recommend that the Township Fiscal Officer maintain an investment ledger in which the Township's investments are readily identifiable at any given time during the fiscal year.

We further recommend, in relation to item number 2 above, the Board of Trustees adopt and maintain formal policies concerning the use of credit and fuel cards. These policies should, at a minimum, identify authorized users; guidelines for allowable use/purchases; unallowable uses; spending limits; reporting; monitoring of use by appropriate levels of management; and other guidelines deemed appropriate by the Board of Trustees. The policies should be written and readily available to all authorized users.

**Officials' Response:**

The Fiscal Officer will implement and manage a system that requires all disbursements have supporting documentation attached to the copy of the payment voucher; all credit card payments are processed for payment with attached itemized receipts; an investment ledger/or documentation of investment accounts available within the UAN system be implemented that identifies the Township's investments during the fiscal year; and formal policies concerning the use of credit and fuel cards be provided to the trustees for consideration and adoption that identify authorized users; provide guidelines for allowable use/purchase; define unallowable use, and spending limits; define the appropriate management employee(s) responsible to monitor the use of said credit maintained by College Township.

FINDING NUMBER 2007-004

**Noncompliance Citation- Certification of Funds**

**Ohio Rev. Code Section 5705.41(D)(1)** prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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.

COLLEGE TOWNSHIP  
KNOX COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)

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

FINDING NUMBER 2007-004  
(Continued)

**Certification of Funds (Continued)**

**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 Township's fiscal officer can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by 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 Township.

**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 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.

In fiscal years 2007 and 2006 twelve (12) and fifteen (15) percent, respectively, of the transactions tested were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify 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 the Township's Fiscal Officer certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**COLLEGE TOWNSHIP  
KNOX COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

|   |
|---|
| <p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b></p> |
|---|

**FINDING NUMBER 2007-004  
(Continued)**

**Certification of Funds (Continued)**

**Officials' Response:**

The Fiscal Officer will initiate the use of purchase orders that include the certification language found in 5705.41 (D). And further, the Fiscal Officer will sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41 (D) are satisfied. The Fiscal Officer will then post approved purchase commitments to the proper appropriation code, and thus reduce the available appropriation.





**Mary Taylor, CPA**  
Auditor of State

**COLLEGE TOWNSHIP**

**KNOX 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  
OCTOBER 7, 2008**