



**ST. ALBANS TOWNSHIP  
LICKING COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2008-2007**



**Mary Taylor, CPA**  
Auditor of State



ST. ALBANS TOWNSHIP  
LICKING COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007 .....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings .....	15
Schedule of Prior Audit Findings .....	21

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Mary Taylor, CPA  
Auditor of State

St. Albans Township  
Licking County  
PO Box 346  
Alexandria, Ohio 43001

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

May 8, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

St. Albans Township  
Licking County  
PO Box 346  
Alexandria, Ohio 43001

To the Board of Trustees:

We have audited the accompanying financial statements of St. Albans Township, Licking County, Ohio, (the Township) as of and for the years ended December 31, 2008 and 2007. 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.

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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, 2008 and 2007 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, 2008 and 2007, 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 St. Albans Township, Licking County, Ohio as of December 31, 2008 and 2007, 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 May 8, 2009, 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

May 8, 2009



**ST. ALBANS TOWNSHIP  
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 83,835	\$ 500,199	\$ 94,428	\$ -	\$ 678,462
Charges for Services	-	76,000	-	-	76,000
Licenses, Permits, and Fees	4,543	-	-	-	4,543
Intergovernmental	45,172	191,312	13,904	-	250,388
Earnings on Investments	13,088	9,795	-	25,981	48,864
Miscellaneous	8,704	9,344	-	-	18,048
	<u>155,342</u>	<u>786,650</u>	<u>108,332</u>	<u>25,981</u>	<u>1,076,305</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
General Government	184,720	-	-	-	184,720
Public Safety	6,600	418,660	-	-	425,260
Public Works	-	254,552	-	-	254,552
Human Services	-	2,978	-	-	2,978
Other	-	-	-	2,612	2,612
Capital Outlay	5,495	146,273	-	1,155,077	1,306,845
Debt Service:					
Redemption of Principal	-	-	55,365	-	55,365
Interest and Other Fiscal Charges	-	-	73,540	-	73,540
	<u>196,815</u>	<u>822,463</u>	<u>128,905</u>	<u>1,157,689</u>	<u>2,305,872</u>
<b>Total Cash Disbursements</b>					
<b>Total Receipts (Under) Disbursements</b>	<u>(41,473)</u>	<u>(35,813)</u>	<u>(20,573)</u>	<u>(1,131,708)</u>	<u>(1,229,567)</u>
<b>Other Financing Receipts:</b>					
Other Financing Sources	-	-	-	172,782	172,782
	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,782</u>	<u>172,782</u>
<b>Total Other Financing Receipts</b>					
<b>Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements</b>	(41,473)	(35,813)	(20,573)	(958,926)	(1,056,785)
<b>Fund Cash Balances, January 1</b>	<u>97,661</u>	<u>532,513</u>	<u>41,990</u>	<u>974,080</u>	<u>1,646,244</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 56,188</b></u>	<u><b>\$ 496,700</b></u>	<u><b>\$ 21,417</b></u>	<u><b>\$ 15,154</b></u>	<u><b>\$ 589,459</b></u>

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

**ST. ALBANS TOWNSHIP  
LICKING 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 (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 80,417	\$ 533,548	\$ 142,681	\$ -	\$ 756,646
Charges for Services	-	38,000	-	-	38,000
Licenses, Permits, and Fees	9,417	-	-	-	9,417
Intergovernmental	94,124	132,899	8,560	-	235,583
Earnings on Investments	39,473	26,315	-	38,382	104,170
Miscellaneous	1,101	10,023	-	-	11,124
	<u>224,532</u>	<u>740,785</u>	<u>151,241</u>	<u>38,382</u>	<u>1,154,940</u>
<b>Total Cash Receipts</b>					
	224,532	740,785	151,241	38,382	1,154,940
<b>Cash Disbursements:</b>					
Current:					
General Government	176,775	-	-	62	176,837
Public Safety	5,684	371,134	-	-	376,818
Public Works	-	217,907	-	-	217,907
Other	-	-	-	25	25
Capital Outlay	3,658	5,801	-	513,111	522,570
Debt Service:					
Redemption of Principal	-	-	53,885	-	53,885
Interest and Other Fiscal Charges	-	-	76,125	-	76,125
	<u>186,117</u>	<u>594,842</u>	<u>130,010</u>	<u>513,198</u>	<u>1,424,167</u>
<b>Total Cash Disbursements</b>					
	186,117	594,842	130,010	513,198	1,424,167
<b>Total Receipts Over/(Under) Disbursements</b>	<u>38,415</u>	<u>145,943</u>	<u>21,231</u>	<u>(474,816)</u>	<u>(269,227)</u>
<b>Other Financing Receipts:</b>					
Other Financing Sources	-	-	-	2,500	2,500
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
<b>Total Other Financing Receipts</b>					
	-	-	-	2,500	2,500
<b>Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements</b>	<u>38,415</u>	<u>145,943</u>	<u>21,231</u>	<u>(472,316)</u>	<u>(266,727)</u>
<b>Fund Cash Balances, January 1</b>	<u>59,246</u>	<u>386,570</u>	<u>20,759</u>	<u>1,446,396</u>	<u>1,912,971</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 97,661</u></u>	<u><u>\$ 532,513</u></u>	<u><u>\$ 41,990</u></u>	<u><u>\$ 974,080</u></u>	<u><u>\$ 1,646,244</u></u>

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

**ST. ALBANS TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**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 St. Albans Township, Licking County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, fire protection and emergency medical services to its residences. The Township also contracts to provide fire services and Emergency Medical Services, Inc., to provide ambulance services to Liberty Township.

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

**B. Accounting Basis**

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

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

**C. Deposits and Investments**

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

***Gasoline Tax Fund*** – This fund receives gasoline tax monies from State of Ohio for construction and repair of Township streets.

**ST. ALBANS TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Road & Bridge Fund* – This fund receives property tax money levied for the funding of the repair of the Township's roads.

*General Fire Fund* – This fund receives property tax money levied for the funding of the fire department.

**3. Debt Service Funds**

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

*General Bond/Note Retirement Fund* – This fund receives tax monies for the payment of the notes issued for the fire truck and ambulance and for payment of the bond issued for the construction of the firehouse.

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

*Miscellaneous Capital Projects Fund* – This fund was established to track the firehouse construction expenditures

**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.

**ST. ALBANS TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**E. Budgetary Process (Continued)**

**3. Encumbrances (Continued)**

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 2008 and 2007 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.

**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 Deposits and Investments**

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

	2008	2007
Demand deposits	\$589,459	\$1,646,244
Total deposits	\$589,459	\$1,646,244

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2008 & 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$153,364	\$155,342	\$1,979
Special Revenue	791,975	786,650	(5,324)
Debt Service	118,760	108,332	(10,428)
Capital Projects	20,000	198,763	178,763
Total	\$1,084,098	\$1,249,088	\$164,989

**ST. ALBANS TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. Budgetary Activity (Continued)**

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$251,023	\$196,815	\$54,208
Special Revenue	1,324,489	822,463	502,026
Debt Service	175,639	128,905	46,734
Capital Projects	1,023,546	1,157,689	(134,143)
Total	<u>\$2,774,696</u>	<u>\$2,305,872</u>	<u>\$468,824</u>

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$163,086	\$224,532	\$61,446
Special Revenue	859,979	740,785	(119,194)
Debt Service	170,699	151,241	(19,458)
Capital Projects	0	40,882	40,882
Total	<u>\$1,193,764</u>	<u>\$1,157,440</u>	<u>(\$36,324)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$222,331	\$186,117	\$36,214
Special Revenue	1,246,549	594,842	651,707
Debt Service	1,637,853	130,010	1,507,843
Capital Projects	0	513,198	(513,198)
Total	<u>\$3,106,733</u>	<u>\$1,424,167</u>	<u>\$1,682,566</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Capital Projects fund type by \$134,143 and \$513,198 for the years ended December 31, 2008 and 2007 respectively.

**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.

**ST. ALBANS TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**4. Property Tax (Continued)**

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. Debt**

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Firehouse Construction Bonds	\$1,335,100	5.25%
Fire Truck & Ambulance Notes	74,000	6.00%
Total	\$1,409,100	

The Township issued general obligation bonds to finance the construction of a new firehouse for the Township. The Township's taxing authority collateralized the bonds.

Amortization of the above debt, including interest, is scheduled as follows:

	Firehouse Construction Bonds	Fire Truck & Ambulance Notes
Year ending December 31:		
2009	\$110,536	\$27,930
2010	109,408	27,930
2011	108,252	22,774
2012	107,067	0
2013	105,853	0
2014-2018	509,974	0
2019-2023	474,783	0
2024-2028	435,016	0
2029-2030	161,734	0
Total	\$2,122,623	\$78,635

**6. Retirement Systems**

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

For 2008 and 2007, OPERS members contributed 10% and 9.50% respectively, of their gross salaries and the Township contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

**ST. ALBANS TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**7. 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.

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: 2007 and 2006 (the latest information available):

	<b>2007</b>	<b>2006</b>
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).

**8. Legal Settlement**

In February, 2008 the Township received a legal settlement related to the construction of a firehouse in the amount of \$172,782.





# 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*

St. Albans Township  
Licking County  
PO Box 346  
Alexandria, Ohio 43001

To the Board of Trustees:

We have audited the financial statements of St. Albans Township, Licking County, Ohio, (the Township) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 8, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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's misstatement.

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We consider findings 2008-001 and 2008-003 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

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. We believe findings 2008-001 and 2008-003 are also material weaknesses.

We also noted a certain internal control matter that we reported to the Township's management in a separate letter dated May 8, 2009.

#### **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 2008-002 and 2008-004.

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 May 8, 2009.

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



**Mary Taylor, CPA**  
Auditor of State

May 8, 2009

**ST. ALBANS TOWNSHIP  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

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

**FINDING NUMBER 2008-001**

**Significant Deficiency/Material Weakness - Budgetary Amounts in the Accounting System**

The Fiscal Officer should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements, including budgetary information.

The following differences were noted between the amended certificates of estimated resources certified by the budget commission and the amounts entered into the accounting system:

**Estimated Resources**

**FY2008**

<b>Fund</b>	<b>Amended Est. Resources</b>	<b>UAN Year End Est. Resources</b>	<b>Variances</b>
General	\$ 251,023.32	\$ 242,123.16	\$ 8,900.16
Special Revenue	\$ 1,324,488.60	\$ 1,317,091.67	\$ 7,396.93
Debt Service	\$ 175,638.77	\$ 175,621.77	\$ 17.00
Capital Projects	\$ 1,023,545.70	\$ 979,207.72	\$ 44,337.98
<b>Total:</b>	<b>\$ 2,774,696.39</b>	<b>\$ 2,714,044.32</b>	<b>\$ 60,652.07</b>

**FY2007**

<b>Fund</b>	<b>Amended Est. Resources</b>	<b>UAN Year End Est. Resources</b>	<b>Variances</b>
General	\$ 222,331.20	213,431.04	\$ 8,900.16
Special Revenue	\$ 1,246,549.17	1,135,176.30	\$ 111,372.87
Debt Service	\$ 1,637,853.03	1,637,853.03	\$ -
Capital Projects	\$ -	-	\$ -
<b>Total:</b>	<b>\$ 3,106,733.40</b>	<b>\$ 2,986,460.37</b>	<b>\$ 120,273.03</b>

**ST. ALBANS TOWNSHIP  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2008-001 (Continued)**

**Significant Deficiency/Material Weakness - Budgetary Amounts in the Accounting System (continued)**

The following differences were noted between the Board of Trustees approved appropriations and the amounts entered into the accounting system:

**Appropriations**

**FY2008**

<b>Fund</b>	<b>Appropriation Budget</b>	<b>UAN Year End Appropriations</b>	<b>Variances</b>
General	\$ 251,023.32	\$ 258,523.32	\$ (7,500.00)
Special Revenue	\$ 1,324,488.60	\$ 1,330,166.60	\$ (5,678.00)
Debt Service	\$ 175,638.77	\$ 179,638.77	\$ (4,000.00)
Capital Projects	\$ 1,023,545.70	\$ 1,275,021.57	\$ (251,475.87)
<b>Total:</b>	<b>\$ 2,774,696.39</b>	<b>\$ 3,043,350.26</b>	<b>\$ (268,653.87)</b>

**FY2007**

<b>Fund</b>	<b>Budget</b>	<b>UAN Appropriations</b>	<b>Variances</b>
General	\$ 222,331.20	\$ 241,931.20	\$ (19,600.00)
Special Revenue	\$ 1,246,549.17	\$ 1,253,049.17	\$ (6,500.00)
Debt Service	\$ 1,637,853.03	\$ 3,023,736.59	\$ (1,385,883.56)
Capital Projects	\$ -	\$ 1,001,062.00	\$ (1,001,062.00)
<b>Total:</b>	<b>\$ 3,106,733.40</b>	<b>\$ 4,518,716.96</b>	<b>\$ (2,413,045.56)</b>

*Note: All budgetary numbers were submitted to the Licking County Auditor at the required legal level of control.*

Failure to properly submit amended appropriations and/or estimated resources to the County could result in management making decisions regarding Township operations based on inaccurate data.

We recommend the Fiscal Officer submit all changes to estimated resources and appropriations and be certified by the County before entering the information into the UAN system. The Board of Trustees should review UAN reports to ensure the proper amounts have been entered into the accounting system.

The financial statements have been adjusted to properly reflect the correct estimated receipts and appropriations.

**ST. ALBANS TOWNSHIP  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2008-002**

**Noncompliance Citation - Expenditures Exceed Appropriations**

Per Ohio Revised Code Section 5705.41(B) no subdivision or taxing unit is to expend money unless it has been appropriated.

The Township had expenditures exceeding appropriation at the legal level of control for the following:

<b><u>Fiscal Year 2008</u></b>			
<b>Fund</b>	<b>Appropriation Budget</b>	<b>Actual Expenditures</b>	<b>Variances</b>
Capital Projects- Current- Other	0.00	2,612.00	(2,612.00)
Capital Projects- Capital Outlay	1,023,546.00	1,155,077.00	(131,531.00)
<b>Total</b>			<b>(134,143.00)</b>
<b><u>Fiscal Year 2007</u></b>			
<b>Fund</b>	<b>Appropriation Budget</b>	<b>Actual Expenditures</b>	<b>Variances</b>
Capital Projects- Current- General Government	0.00	62.00	(62.00)
Capital Projects- Current- Other	0.00	25.00	(25.00)
Capital Projects- Capital Outlay	0.00	513,111.00	(513,111.00)
<b>Total</b>			<b>(513,198.00)</b>

We recommend that the Township request an amendment to appropriations when it is known that expenditures will exceed appropriations.

**FINDING NUMBER 2008-003**

**Significant Deficiency/ Material Weakness- Financial Statement Presentation**

The Fiscal Officer did not always accurately post receipts, disbursements and prior year audit adjustments to the Township's accounting system and financial statements. The following posting errors were noted in the General, Special Revenue, Capital Projects, and Debt Service Fund Types.

- Reserve for encumbrances was presented on the financial statements for the 2008 and 2007 audit, however per inquiry with the Fiscal Officer and review of open purchase orders, there should have been no reserves for encumbrances on the financial statements. An adjust adjustment was made to remove these encumbrances off of the financial statements. The adjustment to General fund and Special Revenue fund types for both 2008 and 2007 was \$8,900 and \$10,373 respectively.
- In the Capital Projects Fund type the Township received a settlement related to Firehouse construction and posted it to the accounting system as Earnings on Investments. An audit adjustment was made to reclassify this to Other Financing Sources in the amount of \$172,782.

**ST. ALBANS TOWNSHIP  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2008-003 (Continued)**

**Significant Deficiency/ Material Weakness- Financial Statement Presentation (Continued)**

- In fiscal year 2007, the Fiscal Officer made a transfer entry between the Debt Service and Capital Projects fund types of \$1,446,395. This transfer entry was based on an audit adjustment that was made to the financial statements in FY06 by the prior auditors and should have been booked as a fund balance adjustment by the Fiscal Officer in the accounting system. The Fiscal Officer was unable to provide any detail as to how the transfer amount she posted to the accounting system was calculated. In order to fix this problem, numerous fund balance adjustments between the Debt Service and Capital Projects fund types. These fund balance adjustments had to do with revenue, expenditures, debt payments, transfers, other financing sources, and beginning fund balances. It was determined that the only activity that should be receipted and expended in the Debt Service fund type is the following: Property and Other Local Taxes, Intergovernmental Revenue, Principal, and Interest Payments.
- A fund balance adjustment of \$282 and \$14,872 was made between the Debt Service and Capital Projects Fund types for 2008 and 2007 respectively. This adjustment was made to properly account for the activity receipted and expended to funds during 2007. As noted above the only activity that should be receipted and expended in the Bond Retirement fund is the following: Property and Other Local Taxes, Intergovernmental Revenue, Principal, and Interest Payments.
- A reclassification was made for to payments of Debt in 2008 and 2007. In 2008 and 2007 the Fiscal Officer did not correctly post \$32,377 and \$73,100, respectively, of Principal and Interest payments to the correct line items. Principal and Interest payments were posted to Current Disbursements and not allocated correctly between the Principal and Interest Line Items

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

Not posting receipts, disbursements, transfers, debt payments, and encumbrance amounts accurately to the accounting system resulted in the financial statements requiring numerous audit reclassifications and adjusting entries; furthermore, inaccurate accounting records could make it difficult for the Board of Trustees to effectively manage and budget for the Township's activities, including budgetary totals posted to the Township's ledgers.

We recommend the Township's Fiscal Officer take the necessary 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 AOS 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.

**ST. ALBANS TOWNSHIP  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2008-004**

**Material Non-Compliance -Prior Certification**

**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 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. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due therein.

There are several exceptions to the standard requirement stated above that the Fiscal Officer 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 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** – The Fiscal Officer 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, 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.

The Fiscal Officer did not properly certify the availability of funds prior to purchase commitment for 47% expenditures tested 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.

**ST. ALBANS TOWNSHIP  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2008-004 (Continued)**

**Material Non-Compliance -Prior Certification (Continued)**

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 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.

**Official's Response:** We did not receive any responses from the officials to the findings reported above.



**ST. ALBANS  
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-01	Noncompliance and Material Weakness- Incorrect posting of receipts	Yes	
2006-02	Noncompliance- Estimated receipts over actual receipts	Yes	
2006-03	Noncompliance- Expended funds that were not appropriated	No	Finding Number 2008-002
2006-04	Noncompliance- Appropriations exceeded estimated resources	Yes	





**Mary Taylor, CPA**  
Auditor of State

**ST. ALBANS TOWNSHIP**

**LICKING 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  
SEPTEMBER 24, 2009**