



**COLLEGE TOWNSHIP
KNOX COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

COLLEGE TOWNSHIP
KNOX COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

College Township
Knox County
19291 Metowood Lane
Gambier, OH 43022

To the Board of Trustees:

We have audited the accompanying financial statements of College Township (the Township) as of and for the years ended December 31, 2001 and December 31, 2000. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2001 and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the management, the Board of trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

March 18, 2002

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**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, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$41,955	\$66,476	\$108,431
Intergovernmental	30,379	60,667	91,046
Charges for Services	0	23,000	23,000
Licenses, Permits, and Fees	1,140	0	1,140
Earnings on Investments	11,422	3,348	14,770
Other Receipts	835	66,291	67,126
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	85,731	219,782	305,513
Cash Disbursements:			
Current:			
General Government	61,248	1,288	62,536
Public Safety	210	119,601	119,811
Public Works	0	95,064	95,064
Health	423	0	423
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	61,881	215,953	277,834
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	23,850	3,829	27,679
Fund Cash Balances, January 1, 2001	<hr/>	<hr/>	<hr/>
	47,069	294,626	341,695
Fund Cash Balances, December 31, 2001	<hr/> \$70,919 <hr/>	<hr/> \$298,455 <hr/>	<hr/> \$369,374 <hr/>
Reserve for Encumbrances, December 31, 2001	<hr/> <hr/> \$0	<hr/> <hr/> \$2,000	<hr/> <hr/> \$2,000

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, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$41,707	\$65,958	\$107,665
Intergovernmental	29,728	63,909	93,637
Charges for Services	0	21,000	21,000
Licenses, Permits, and Fees	1,354	0	1,354
Earnings on Investments	7,294	2,746	10,040
Other Receipts	1,386	33,913	35,299
	<u>81,469</u>	<u>187,526</u>	<u>268,995</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	62,935	0	62,935
Public Safety	0	66,210	66,210
Public Works	0	44,585	44,585
Health	578	0	578
Capital Outlay	20,635	20,593	41,228
	<u>84,148</u>	<u>131,388</u>	<u>215,536</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(2,679)</u>	<u>56,138</u>	<u>53,459</u>
Fund Cash Balances, January 1, 2000	<u>49,748</u>	<u>238,488</u>	<u>288,236</u>
Fund Cash Balances, December 31, 2000	<u>\$47,069</u>	<u>\$294,626</u>	<u>\$341,695</u>
Reserve for Encumbrances, December 31, 2000	<u>\$30</u>	<u>\$2,958</u>	<u>\$2,988</u>

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

**COLLEGE TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

College Township, Knox County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance and fire protection services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

**COLLEGE TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

**COLLEGE TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	2001	2000
Demand deposits	\$319,374	\$291,695
Certificates of deposit	50,000	50,000
Total deposits	\$369,374	\$341,695

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$62,947	\$85,731	\$22,784
Special Revenue	175,985	219,782	43,797
Total	\$238,932	\$305,513	\$66,581

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$110,024	\$61,881	\$48,143
Special Revenue	470,668	217,953	252,715
Total	\$580,692	\$279,834	\$300,858

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$60,645	\$81,469	\$20,824
Special Revenue	176,368	187,526	11,158
Total	\$237,013	\$268,995	\$31,982

**COLLEGE TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$114,834	\$84,178	\$30,656
Special Revenue	410,445	134,346	276,099
Total	\$525,279	\$218,524	\$306,755

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. RETIREMENT SYSTEM

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

Risk Pool Membership

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

**COLLEGE TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RISK MANAGEMENT (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed 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 judgements, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT ACCOUNTING STANDARDS**

College Township
Knox County
19291 Metowood Lane
Gambier, OH 43022

To the Board of Trustees:

We have audited the accompanying financial statements of College Township (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated March 18, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

Compliance

As part of obtaining reasonable assurance about whether the Townships financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-40642-001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 18, 2002.

College Township
Knox County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

March 18, 2002

COLLEGE TOWNSHIP
KNOX COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000

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

Findings for Recovery Repaid Under Audit

Finding # 2001-40642-001

In August 2001, the Trustee's adopted a motion to reimburse themselves and the Clerk for each out-of-pocket expense that they incurred for insurance policies related to medical care or other types of insurance policies described in division (A) of Section 505.60 of the Ohio Revised Code. The maximum yearly amount of reimbursement for each official was set at \$1,000. The motion was made retroactive to January 1, 2001. The following amounts were reimbursed to Township elected officials during 2001:

Trustee:	
James Ingerham	\$ 1,000
Barry Bowden	\$ 1,000
Douglas McLarnan	\$ 894.27
Clerk:	
Susan Bowden	\$ 986.64

Ohio Constitution Article II, Section 20, prohibits in-term increases in elected official compensation. Since the reimbursement occurred during 2001 and during each elected official's current term, participation in the reimbursement plan constituted an in-term increase in elected official compensation.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, findings for recovery for public monies illegally expended are hereby issued against James Ingerham, Trustee, Barry Bowden, Trustee, Douglas McLarnan, Trustee and Susan Bowden, Clerk and the Ohio Government Risk Management Plan, their bonding company, jointly and severally, in the amounts of \$1,000, \$1,000, \$894.27 and \$986.64 respectively.

The Trustees and Clerk subsequently paid the above findings back to the Township's General Fund on April 10, 2002.



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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
MAY 9, 2002**