



**COLLEGE TOWNSHIP  
KNOX COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2009-2008**



**Mary Taylor, CPA**  
Auditor of State



COLLEGE TOWNSHIP  
KNOX COUNTY

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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

May 14, 2010

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# 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, 2009 and 2008. 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, 2009 and 2008 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, 2009 and 2008, 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 and reserves for encumbrances of College Township, Knox County, Ohio, as of December 31, 2009 and 2008, 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 14, 2010, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

May 14, 2010



**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, 2009**

	<b>Governmental Fund Types</b>		<b>Totals</b>
	<b>General</b>	<b>Special Revenue</b>	<b>(Memorandum Only)</b>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$54,323.51	\$78,850.36	\$133,173.87
Charges for Services	0.00	106,000.00	106,000.00
Intergovernmental	70,306.77	175,049.67	245,356.44
Earnings on Investments	6,573.29	188.87	6,762.16
Miscellaneous	8,602.95	9,533.64	18,136.59
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	139,806.52	369,622.54	509,429.06
<b>Cash Disbursements:</b>			
Current:			
General Government	126,948.58	5,452.00	132,400.58
Public Safety	0.00	174,997.64	174,997.64
Public Works	0.00	67,368.40	67,368.40
Health	1,000.00	0.00	1,000.00
Human Services	0.00	4,310.00	4,310.00
Capital Outlay	0.00	335,798.08	335,798.08
Debt Service:			
Redemption of Principal	45,055.00	1,898.00	46,953.00
Interest and Other Fiscal Charges	4,945.00	192.00	5,137.00
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	177,948.58	590,016.12	767,964.70
Total Receipts Under Disbursements	<hr/> (38,142.06)	<hr/> (220,393.58)	<hr/> (258,535.64)
<b>Other Financing Receipts:</b>			
Sale of Notes	0.00	146,290.00	146,290.00
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Under Cash Disbursements	<hr/> (38,142.06)	<hr/> (74,103.58)	<hr/> (112,245.64)
Fund Cash Balances, January 1	<hr/> 140,954.96	<hr/> 341,435.74	<hr/> 482,390.70
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$102,812.90</b>	<hr/> <b>\$267,332.16</b>	<hr/> <b>\$370,145.06</b>
Reserve for Encumbrances, December 31	<hr/> <hr/> \$40.00	<hr/> <hr/> \$33.00	<hr/> <hr/> \$73.00

*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, 2008**

	<b>Governmental Fund Types</b>		<b>Totals</b>
	<b>General</b>	<b>Special Revenue</b>	<b>(Memorandum Only)</b>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$48,898.44	\$80,656.86	\$129,555.30
Charges for Services	0.00	102,000.00	102,000.00
Licenses, Permits, and Fees	1,478.50	0.00	1,478.50
Intergovernmental	34,871.28	302,979.00	337,850.28
Earnings on Investments	9,662.01	835.91	10,497.92
Miscellaneous	1,792.57	12,497.49	14,290.06
<b>Total Cash Receipts</b>	<b>96,702.80</b>	<b>498,969.26</b>	<b>595,672.06</b>
<b>Cash Disbursements:</b>			
Current:			
General Government	142,471.54	16,620.14	159,091.68
Public Safety	3,023.60	181,330.97	184,354.57
Public Works	339.24	108,545.15	108,884.39
Capital Outlay	0.00	26,043.93	26,043.93
<b>Total Cash Disbursements</b>	<b>145,834.38</b>	<b>332,540.19</b>	<b>478,374.57</b>
Total Receipts Over/(Under) Disbursements	(49,131.58)	166,429.07	117,297.49
<b>Other Financing Disbursements:</b>			
Other Financing Uses	(150.00)	0.00	(150.00)
Excess of Cash Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(49,281.58)	166,429.07	117,147.49
Fund Cash Balances, January 1	190,236.54	175,006.67	365,243.21
<b>Fund Cash Balances, December 31</b>	<b>\$140,954.96</b>	<b>\$341,435.74</b>	<b>\$482,390.70</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, 2009 AND 2008**

**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 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 7 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. 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.

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, 2009 AND 2008  
(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 Fund:

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

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2009 and 2008 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, 2009 AND 2008  
(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 Deposits and Investments**

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

	2009	2008
Demand deposits	\$170,145	\$282,391
Certificates of deposit	200,000	200,000
Total deposits	\$370,145	\$482,391

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$89,057	\$168,583	\$79,526
Special Revenue	384,340	487,136	102,796
Total	\$473,397	\$655,719	\$182,322

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$244,150	\$177,989	\$66,161
Special Revenue	711,638	590,049	121,589
Total	\$955,788	\$768,038	\$187,750

**COLLEGE TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. Budgetary Activity (continued)**

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$106,873	\$107,185	\$312
Special Revenue	424,585	488,487	63,902
Total	\$531,458	\$595,672	\$64,214

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$279,266	\$148,984	\$130,282
Special Revenue	617,436	332,540	284,896
Total	\$896,702	\$481,524	\$415,178

**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. Debt**

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$99,337	4.29%

In 2009, the Township issued general obligation notes to finance the purchase of a fire engine for Township fire station. The Township's taxing authority collateralized the notes. The notes mature in 2012.

**COLLEGE TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**5. Debt (continued)**

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

Year ending December 31:	General Obligation Notes
2010	\$39,068
2011	52,090
2012	13,023
Total	\$104,180

**6. 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.

The Ohio Revised Code also prescribes contribution rates. For both 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

**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 Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retain 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008. The Township participates in this coverage.

**COLLEGE TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**7. Risk Management (continued)**

In August, 2007, OGRMP formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 40 members as of December 31, 2008. The Township does not participate in this coverage.

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: 2008 and 2007 (the latest information available).

	<b><u>2008</u></b>	<b><u>2007</u></b>
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>(5,286,781)</u>	<u>(4,273,553)</u>
Members’ Equity	<u>\$5,184,333</u>	<u>\$6,862,902</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).





# 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 the College Township, Knox County, Ohio, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 14, 2010, wherein we noted the Township followed 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weakness. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

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### **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 we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 and 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 14, 2009.

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, Township Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

May 14, 2010

**COLLEGE TOWNSHIP  
KNOX COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-001**

**Posting of expenditures and receipts – Noncompliance/Material Weakness**

Ohio Rev. Code Section 5705.10 (D) states, in part, that all revenues derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. Additionally, Ohio Rev. Code Section 5705.10(H) states that money paid into any fund shall be used only for the purposes for which such fund is established.

The Gasoline Tax Fund should only be used for compensation paid to employees for services in relation to roads, purchase or lease of tools, equipment, and road machinery, and other expenditures related to roads.

The Township expended monies out of the Gasoline Tax Fund in fiscal year 2008 in the amount of \$3,656. The expenditures paid were for services provided by a deputy to patrol the Township and services for workers compensation. Only a portion of workers compensation is allowable out of the Gasoline tax fund, due to the Fiscal Officer and Trustee's salary being paid out of the General fund. As a result, \$3,656 should have been paid from the General Fund instead of the Gas Tax Fund.

Also, the Township posted Gas Tax/Cents Per Gallons monies to the General Fund in fiscal year 2009 and 2008 in the amount of \$28,777 and \$10,482, respectively, when the money should have been posted in the Gasoline Tax Fund.

The Fiscal Officer should be diligent in assuring funds are properly posted to the correct funds in accordance with the Township's Uniform Accounting Network (UAN) coding system and the Ohio Revised Code.

The Township Fiscal Officer made the adjustment to the Township's accounting records and the adjustments are reflected in the accompanying financial statements.

**Officials response:** The Fiscal Officer shall be diligent in assuring funds are properly posted to the correct funds in accordance with College Township Uniform Accounting Network (UAN) coding system and the Ohio Revised Code.

**FINDING NUMBER 2009-002**

**Prior Certification – Noncompliance**

Ohio Rev. Code Section 5705.41(D) 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.

**COLLEGE TOWNSHIP  
KNOX COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**FINDING NUMBER 2009-002 (continued)**

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificates - 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 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 resolution.

Amounts less than \$3,000 may be paid by the fiscal officer without a resolution 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 the expenditures by the Township.

2. Blanket certificates - 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 operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

The Township did not certify the availability of funds prior to the purchase commitment for 25 percent of expenditures tested during 2009 and 2008.

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 the Fiscal Officer certify that the funds are or will be available prior to obligation. When prior certification is not possible, "then and now" certification should be used.

COLLEGE TOWNSHIP  
KNOX COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)

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

FINDING NUMBER 2009-002 (continued)

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.

**Officials' response:** The College Township Fiscal Officer shall certify purchases to which section 5705.41(D) apply. The Fiscal Officer will use purchase orders that include the certification language to authorize disbursements, and sign the certification at the time the Township incurs a commitment. The Fiscal Officer will post approved purchase commitments to the proper appropriation code to reduce the available appropriation.

**COLLEGE TOWNSHIP  
KNOX COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

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>
2007-001	ORC 5705.10(D) – Posting of receipts	No	Reissued as Finding 2009-001
2007-002	Financial statement presentation	No	Reissued in Management letter
2007-003	Maintenance of the underlying documentation and support of financial transactions	Yes	
2007-004	ORC 5705.41(D) - Certification of funds	No	Reissued as Finding 2009-002



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  
JULY 13, 2010