



Mary Taylor, CPA
Auditor of State

COLUMBIA TOWNSHIP
LORAIN COUNTY

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Mary Taylor, CPA
Auditor of State

Columbia Township
Lorain County
25496 Royalton Road
Columbia Station, Ohio 44028

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

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Auditor of State

August 12, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Columbia Township
Lorain County
25496 Royalton Road
Columbia Station, Ohio 44028

To the Board of Trustees:

We have audited the accompanying financial statements of Columbia Township, Lorain 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 Columbia Township, Lorain County, 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 August 12, 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.



Mary Taylor, CPA
Auditor of State

August 12, 2010

**COLUMBIA TOWNSHIP
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types			Fiduciary Fund	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Agency	
Cash Receipts:					
Property and Other Local Taxes	\$148,232	\$1,006,606	\$0	\$0	\$1,154,838
Charges for Services	0	124,523	0	0	124,523
Licenses, Permits, and Fees	80,695	6,312	0	0	87,007
Fines and Forfeitures	1,103	0	0	0	1,103
Intergovernmental	305,344	340,368	218,403	0	864,115
Special Assessments	0	30,664	0	0	30,664
Earnings on Investments	2,600	732	0	0	3,332
Miscellaneous	16,686	8,628	0	141	25,455
Total Cash Receipts	<u>554,660</u>	<u>1,517,833</u>	<u>218,403</u>	<u>141</u>	<u>2,291,037</u>
Cash Disbursements:					
Current:					
General Government	254,495	0	0	0	254,495
Public Safety	25,490	362,081	0	0	387,571
Public Works	8,985	708,994	0	0	717,979
Health	50,377	263,393	0	0	313,770
Human Services	885	0	0	0	885
Conservation/Recreation	52,024	0	0	0	52,024
Other	3,999	0	0	141	4,140
Capital Outlay	28,636	15,933	218,403	0	262,972
Total Cash Disbursements	<u>424,891</u>	<u>1,350,401</u>	<u>218,403</u>	<u>141</u>	<u>1,993,836</u>
Total Receipts Over/(Under) Disbursements	<u>129,769</u>	<u>167,432</u>	<u>0</u>	<u>0</u>	<u>297,201</u>
Other Financing Receipts / (Disbursements):					
Transfers-In	0	33,450	0	0	33,450
Transfers-Out	(33,450)	0	0	0	(33,450)
Total Other Financing Receipts / (Disbursements)	<u>(33,450)</u>	<u>33,450</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	96,319	200,882	0	0	297,201
Fund Cash Balances, January 1	496,659	571,921	0	99	1,068,679
Fund Cash Balances, December 31	<u>\$592,978</u>	<u>\$772,803</u>	<u>\$0</u>	<u>\$99</u>	<u>\$1,365,880</u>
Reserve for Encumbrances, December 31	<u>\$7,508</u>	<u>\$4,754</u>	<u>\$0</u>	<u>\$0</u>	<u>\$12,262</u>

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

**COLUMBIA TOWNSHIP
LORAIN COUNTY**

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

	Governmental Fund Types			Fiduciary Fund	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Agency	
Cash Receipts:					
Property and Other Local Taxes	\$149,431	\$929,462	\$0	\$0	\$1,078,893
Charges for Services	0	124,784	0	0	124,784
Licenses, Permits, and Fees	85,544	7,350	0	0	92,894
Intergovernmental	240,176	302,035	263,203	0	805,414
Special Assessments	0	29,653	0	0	29,653
Earnings on Investments	12,781	1,603	0	0	14,384
Miscellaneous	18,217	23,509	0	179	41,905
Total Cash Receipts	<u>506,149</u>	<u>1,418,396</u>	<u>263,203</u>	<u>179</u>	<u>2,187,927</u>
Cash Disbursements:					
Current:					
General Government	262,878	0	0	0	262,878
Public Safety	67,616	356,256	0	0	423,872
Public Works	13,510	651,259	0	0	664,769
Health	91,436	267,891	0	0	359,327
Human Services	3,922	0	0	0	3,922
Conservation/Recreation	35,554	0	0	0	35,554
Other	3,420	0	0	200	3,620
Capital Outlay	0	43,987	263,203	0	307,190
Total Cash Disbursements	<u>478,336</u>	<u>1,319,393</u>	<u>263,203</u>	<u>200</u>	<u>2,061,132</u>
Total Receipts Over/(Under) Disbursements	<u>27,813</u>	<u>99,003</u>	<u>0</u>	<u>(21)</u>	<u>126,795</u>
Other Financing Receipts / (Disbursements):					
Transfers-In	0	27,528	0	0	27,528
Transfers-Out	(27,528)	0	0	0	(27,528)
Total Other Financing Receipts / (Disbursements)	<u>(27,528)</u>	<u>27,528</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	285	126,531	0	(21)	126,795
Fund Cash Balances, January 1	<u>496,374</u>	<u>445,390</u>	<u>0</u>	<u>120</u>	<u>941,884</u>
Fund Cash Balances, December 31	<u>\$496,659</u>	<u>\$571,921</u>	<u>\$0</u>	<u>\$99</u>	<u>\$1,068,679</u>
Reserve for Encumbrances, December 31	<u>\$1,673</u>	<u>\$319</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,992</u>

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

**COLUMBIA TOWNSHIP
LORAIN COUNTY**

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

Note 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 Columbia Township, Lorain 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, cemetery maintenance, fire protection and emergency medical services. The Township's police protection is provided by the Lorain County Sheriff's Department.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductible. This organization is discussed in Note 6.

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:

General Fund

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

**COLUMBIA TOWNSHIP
LORAIN COUNTY**

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

Note 1 - Summary of Significant Accounting Policies (continued)

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:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire Levy Fund – This fund receives property tax money and ambulance billing receipts to provide fire protection to Township residents.

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:

Public Works Commission Project Fund - The Township received grants from the State of Ohio for the North and South Marks Road Reconstruction Issue I Project.

Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township does not have any trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund is used to collect and remit a three percent assessment of permit fees to the Board of Building Standards.

E. Budgetary Process

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

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.

**COLUMBIA TOWNSHIP
LORAIN COUNTY**

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

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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 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.

Note 2 - Equity in Pooled Deposits and Investments

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

	<u>2009</u>	<u>2008</u>
Demand deposits	\$538,860	\$88,570
NOW Account	827,020	980,109
Total deposits	<u>\$1,365,880</u>	<u>\$1,068,679</u>

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.

**COLUMBIA TOWNSHIP
LORAIN COUNTY**

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

Note 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	\$506,260	\$554,660	\$48,400
Special Revenue	1,645,671	1,551,283	(94,388)
Capital Projects	251,038	218,403	(32,635)
Fiduciary	300	141	(159)
Total	<u>\$2,403,269</u>	<u>\$2,324,487</u>	<u>(\$78,782)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$588,082	\$465,849	\$122,233
Special Revenue	1,603,437	1,355,155	248,282
Capital Projects	251,038	218,403	32,635
Fiduciary	300	141	159
Total	<u>\$2,442,857</u>	<u>\$2,039,548</u>	<u>\$403,309</u>

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$549,232	\$506,149	(\$43,083)
Special Revenue	1,436,254	1,445,924	9,670
Capital Projects	263,203	263,203	0
Fiduciary	300	179	(121)
Total	<u>\$2,248,989</u>	<u>\$2,215,455</u>	<u>(\$33,534)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$684,258	\$507,537	\$176,721
Special Revenue	1,539,277	1,319,712	219,565
Capital Projects	263,203	263,203	0
Fiduciary	300	200	100
Total	<u>\$2,487,038</u>	<u>\$2,090,652</u>	<u>\$396,386</u>

**COLUMBIA TOWNSHIP
LORAIN COUNTY**

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

Note 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 for 2008 and only against local and inter-exchange telephone companies for 2009, 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.

Note 5 - Retirement Systems

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

For 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.

Note 6 - Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**COLUMBIA TOWNSHIP
LORAIN COUNTY**

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

Note 6 - Risk Management (continued)

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$17,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2009</u>	<u>2008</u>
\$19,832	\$16,678

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



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*

Columbia Township
Lorain County
25496 Royalton Road
Columbia Station, Ohio 44028

To the Board of Trustees:

We have audited the financial statements of Columbia Township, Lorain County, Ohio (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated August 12, 2010, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions 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.

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 material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of 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 internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2009-001 to be a significant deficiency. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 12, 2010.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 12, 2010

**COLUMBIA TOWNSHIP
LORAIN COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Significant Deficiency

During 2009 the Township completed an Ohio Public Works Commission (OPWC) road project with the City of Strongsville. Both the Township and the City were required to pay a local match of \$32,635 each and in return the Township received \$185,768 in grant funds. The Township Fiscal Officer receipted the \$32,635 from the City into the Road and Bridge Fund. In return, she also posted the payment of \$32,635 to the contractor from that fund. The Township's portion of the project was paid out of the Gasoline Tax Fund. When the Fiscal Officer posted the memo receipt and expenditure into the OPWC fund, she posted an equal receipt and expenditure of \$251,038. This amount included the \$185,768 from OPWC and both the Township and City shares of the project totaling \$65,270 that had already been posted to the Road and Bridge Fund and the Gasoline Tax Fund. While it is appropriate for the Township to pay their portion from the Gasoline Tax fund, the City's share should have been posted to the OPWC fund along with the grant funds received from OPWC.

As a result of the above issues, intergovernmental revenues and public works expenditures were overstated in the Road and Bridge fund by \$32,635, the City's share of the project that should have been posted to the OPWC fund. In addition, intergovernmental revenues and capital outlay expenditures were overstated by \$32,635 in the OPWC fund, the Township's share that had already been paid from the Gasoline Tax Fund.

Adjustments were made to the financial statements to reduce intergovernmental revenues and public works expenditures in the Road and Bridge fund by \$32,635. In addition, intergovernmental revenues and capital outlay expenditures were reduced by \$32,635 in the OPWC fund.

Sound financial reporting is the responsibility of the Fiscal Officer and the Township Trustees and is essential to ensure that the information provided to the readers of the financial statements is complete and accurate. The lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data at year-end. The Township should adopt policies and procedures for controls over recording of daily financial transactions and over financial reporting to help ensure the information accurately reflects the activity of the Township and thereby increasing the reliability of the financial data at year-end.

Official's Response: We agree with the finding and understand how the error occurred. In the future, special attention will be paid to posting such grants and if there are any questions, the Fiscal Officer will contact the State Auditor's Office for assistance.



Mary Taylor, CPA
Auditor of State

COLUMBIA TOWNSHIP

LORAIN 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 7, 2010**