



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**COLERAIN TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Colerain Township
Hamilton County
4200 Springdale Road
Cincinnati, Ohio 45251

To the Board of Trustees:

We have audited the accompanying financial statements of Colerain Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 audit 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 audit provides 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 generally accepted accounting principles.

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, 1999 and 1998, 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 August 16, 2000, 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.

This report is intended solely for the information and use of management, the Board 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

August 16, 2000

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**COLERAIN TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$384,218	\$8,087,779	\$0	\$0	\$8,471,997
Intergovernmental	1,852,638	1,161,713	0	33,865	3,048,216
Special Assessments	0	29,244	0	0	29,244
Licenses, Permits, and Fees	692,147	63,505	0	0	755,652
Fines, Forfeitures, and Penalties	0	822	0	0	822
Earnings on Investments	616,315	8,930	0	0	625,245
Other Revenue	162,643	371,765	0	0	534,408
Total Cash Receipts	3,707,961	9,723,758	0	33,865	13,465,584
Cash Disbursements:					
Current:					
General Government	743,149	327,134			1,070,283
Public Safety		7,437,873			7,437,873
Public Works	283,739	1,906,291			2,190,030
Health	53,958				53,958
Conservation - Recreation	726,742				726,742
Debt Service:					
Redemption of Principal			272,000		272,000
Interest and Fiscal Charges			76,798		76,798
Capital Outlay	361,718	657,604		33,865	1,053,187
Total Cash Disbursements	2,169,306	10,328,902	348,798	33,865	12,880,871
Total Receipts Over/(Under) Disbursements	1,538,655	(605,144)	(348,798)	0	584,713
Other Financing Receipts/(Disbursements):					
Transfers-In		175,000	335,197		510,197
Transfers-Out	(510,197)				(510,197)
Total Other Financing Receipts/(Disbursements)	(510,197)	175,000	335,197	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,028,458	(430,144)	(13,601)	0	584,713
Fund Cash Balances, January 1	5,665,690	6,700,202	52,000	0	12,417,892
Fund Cash Balances, December 31	\$6,694,148	\$6,270,058	\$38,399	\$0	\$13,002,605
Reserve for Encumbrances, December 31	\$493,899	\$937,988	\$0	\$0	\$1,431,887

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

**COLERAIN TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Taxes	\$373,099	\$7,959,164	\$0	\$0	\$8,332,263
Intergovernmental	1,859,834	1,131,383	0	548,012	3,539,229
Special Assessments	0	20,966	0	0	20,966
Licenses, Permits, and Fees	595,982	67,911	0	0	663,893
Fines, Forfeitures, and Penalties	0	870	0	0	870
Earnings on Investments	778,788	14,946	0	0	793,734
Other Revenue	233,579	458,848	0	0	692,427
Total Cash Receipts	3,841,282	9,654,088	0	548,012	14,043,382
Cash Disbursements:					
Current:					
General Government	697,508	329,500	0		1,027,008
Public Safety	0	6,901,592	0		6,901,592
Public Works	327,813	2,870,976	0		3,198,789
Health	74,322	0	0		74,322
Conservation - Recreation	722,352	0	0		722,352
Debt Service:					
Redemption of Principal	0	0	220,000		220,000
Interest and Fiscal Charges	0	0	87,644		87,644
Capital Outlay	2,300,472	827,731		548,012	3,676,215
Total Cash Disbursements	4,122,467	10,929,799	307,644	548,012	15,907,922
Total Receipts Over/(Under) Disbursements	(281,185)	(1,275,711)	(307,644)	0	(1,864,540)
Other Financing Receipts/(Disbursements):					
Transfers-In	0	100,000	334,768	0	434,768
Transfers-Out	(434,768)	0	0	0	(434,768)
Total Other Financing Receipts/(Disbursements)	(434,768)	100,000	334,768	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(715,953)	(1,175,711)	27,124	0	(1,864,540)
Fund Cash Balances, January 1	6,381,643	7,875,913	24,876	0	14,282,432
Fund Cash Balances, December 31	\$5,665,690	\$6,700,202	\$52,000	\$0	\$12,417,892
Reserve for Encumbrances, December 31	\$511,414	\$1,238,004	\$0	\$270,988	\$2,020,406

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

**COLERAIN TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Colerain Township, Hamilton County, Ohio (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 historical cemetery maintenance, police operations, fire protection and emergency medical services, and park operations (leisure time activities).

The Township's management believes these financial statements present all activities for which the Township is financially accountable, except employee deferred compensation funds, which are maintained by outside custodians are not included in these financial statements. Assets held by custodians are described in note 8 to the financial statements.

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

The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. All other investments 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:

Police District Fund - This fund was established in 1987 with a 2.5 mill continuing levy for the operation of a police department which serves the Township.

Fire District Fund - This fund receives monies from a 6.96 mill continuing levy for the operation of a fire department which serves the Township.

**COLERAIN TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Fund

The Debt Service Fund is used to accumulate resources for the payment note indebtedness. The Township had the following significant Debt Service Fund:

General Note Retirement Fund - This fund receives monies by transfer from the General Fund for the repayment of a note associated with the construction of the Township governmental complex.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Project Funds:

SCIP - CB101 Prechtel Road - This fund receives monies from the Ohio Public Works Commission for the Prechtel Road Project.

Lighting Assessment - This fund receives special assessment monies assessed on residents to pay for various lighting projects within the Township.

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 1999 and 1998 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.

COLERAIN TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments 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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 512,453	\$ 420,132
Total deposits	<u>512,453</u>	<u>420,132</u>
U.S. Agency Bonds	5,990,152	1,997,760
STAROhio	<u>6,500,000</u>	<u>10,000,000</u>
Total investments	<u>12,490,152</u>	<u>11,997,760</u>
Total deposits and investments	<u>\$13,002,605</u>	<u>\$12,417,892</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: U.S. Agency Bonds are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,579,247	\$3,707,961	\$1,128,714
Special Revenue	9,395,014	9,898,758	503,744
Debt Service	296,798	335,197	38,399
Capital Projects	<u>270,987</u>	<u>33,865</u>	<u>(237,122)</u>
Total	<u>\$12,542,046</u>	<u>\$13,975,781</u>	<u>\$1,433,735</u>

**COLERAIN TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,008,733	\$3,173,402	\$1,835,331
Special Revenue	15,207,790	11,266,890	3,940,900
Debt Service	360,000	348,798	11,202
Capital Projects	308,387	33,865	274,522
Total	<u>\$20,884,910</u>	<u>\$14,822,955</u>	<u>\$6,061,955</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,452,324	\$3,841,282	\$1,388,958
Special Revenue	9,399,770	9,754,088	354,318
Debt Service	487,000	334,768	(152,232)
Capital Projects	843,000	548,012	(294,988)
Total	<u>\$13,182,094</u>	<u>\$14,478,150</u>	<u>\$1,296,056</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,518,361	\$5,068,649	\$1,449,712
Special Revenue	14,956,803	12,167,808	2,788,995
Debt Service	332,875	307,644	25,231
Capital Projects	843,000	548,012	294,988
Total	<u>\$22,651,039</u>	<u>\$18,092,113</u>	<u>\$4,558,926</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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.

**COLERAIN TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Equipment Lease	\$223,766	4.93%
Building Construction Note	1,337,776	5.19%
Total	\$1,561,542	

The building construction note was issued in 1997 to finance the construction of a governmental complex building. The note will be paid as indicated in the schedule below.

The equipment lease was entered into for the purchase of equipment and other personal property. The lease will be paid as indicated in the schedule below.

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

Year ending December 31:	Lease	General Obligation Notes
2000	\$ 81,507	\$ 285,952
2001	81,507	1,172,882
2002	81,507	0
2003	0	0
Subsequent	0	0
Total	\$244,521	\$1,458,834

6. RETIREMENT SYSTEMS

The Township's law enforcement officers belong to the Public Employees Retirement System - Law Enforcement (PERS-LE). The Township's full-time fire employees belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees' Retirement System (PERS) of Ohio. PERS-LE, PFDPF and PERS are cost-sharing, multiple employer plans. These plans provide retirement benefits, including post-retirement 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 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries and PERS-LE members contributed 9% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

COLERAIN TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risks of loss up to the limits of the Township's policy. The pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability
- Public official's liability
- Vehicle
- Police professional liability
- Automobile coverage
- Property coverage
- Excess coverage

The Township also provides health and dental coverage to full-time employees through a private insurance carrier.

8. Contingent Liabilities

The Township is the defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.



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

Colerain Township
Hamilton County
4200 Springdale Road
Cincinnati, Ohio 45251

To the Board of Trustees:

We have audited the financial statements of Colerain Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 16, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's 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 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 16, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 1999-40431-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management in a separate letter dated August 16, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

August 16, 2000

**COLERAIN TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-40431-001

Reportable Condition

At December 31, 1999, the Township's adjusted bank cash balance of \$13,016,274 was not reconciled to the accounting records book balance of \$13,002,605. The reason for this overage of \$13,668 could not be determined. As of the date of the client's most recent reconciliation (January 31, 2000) the amount of the overage was \$13,669.

In the process of examining the monthly 1999 and 1998 bank reconciliations, we found that detailed documentation to support outstanding checks and other adjusting factors identified on the reconciliations were either incomplete or nonexistent. Also, the reconciliations were not being prepared in a timely manner and were not being reviewed for accuracy and completeness. These conditions could result in errors and other irregularities in the financial statements which are not detected by management.

We recommend the Township Clerk regularly prepare the monthly bank reconciliation in a timely manner and assure that the reconciliations can be supported by detailed records which should be available for inspection. The person assigned responsibility for preparation of the monthly bank reconciliation should be adequately trained and have knowledge of the Township's operations. In addition, we recommend these reconciliations be presented to and approved by the Trustees. As indicated above, at the completion of our fieldwork at July 31, 2000, the most recent reconciliation was for the month of January 2000.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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COLERAIN TOWNSHIP

HAMILTON 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 12, 2000**