



**COLERAIN TOWNSHIP
BELMONT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**COLERAIN TOWNSHIP
BELMONT COUNTY
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998	4
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance - Nonexpendable Trust Fund - For the Years Ended December 31, 1999 and 1998	5
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110

REPORT OF INDEPENDENT ACCOUNTANTS

Colerain Township
Belmont County
53979 Colerain Pike
Martins Ferry, Ohio 43935

To the Board of Trustees:

We have audited the accompanying financial statements of Colerain Township, Belmont 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 of Colerain Township, Belmont County, 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 October 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 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

October 16, 2000

This page intentionally left blank.

**COLERAIN TOWNSHIP
BELMONT COUNTY
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>Capital Project</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$23,791	\$84,912	\$	\$108,703
Licenses, Permits and Fees		50		50
Intergovernmental Receipts	89,819	78,454	21,874	190,147
Special Assessments		6,156		6,156
Earnings on Investments	4,553	2,121		6,674
Miscellaneous		2,000		2,000
	<u>118,163</u>	<u>173,693</u>	<u>21,874</u>	<u>313,730</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	95,765			95,765
Public Safety	288	20,921		21,209
Public Works	34,310	140,619		174,929
Health	8,000			8,000
Capital Outlay	9,347		21,874	31,221
	<u>147,710</u>	<u>161,540</u>	<u>21,874</u>	<u>331,124</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(29,547)</u>	<u>12,153</u>	<u>0</u>	<u>(17,394)</u>
Other Financing Receipts:				
Other Financing Sources	65			65
	<u>65</u>	<u>0</u>	<u>0</u>	<u>65</u>
Total Other Financing Receipts				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(29,482)	12,153	0	(17,329)
Fund Cash Balances, January 1	<u>137,430</u>	<u>184,304</u>	<u>0</u>	<u>321,734</u>
Fund Cash Balances, December 31	<u>\$107,948</u>	<u>\$196,457</u>	<u>\$0</u>	<u>\$304,405</u>

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

**COLERAIN TOWNSHIP
BELMONT COUNTY
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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$23,179	\$83,393	\$106,572
Charges for Services	12		12
Licenses, Permits and Fees		100	100
Intergovernmental Receipts	148,993	126,702	275,695
Special Assessments		6,442	6,442
Earnings on Investments	11,471	1,711	13,182
Miscellaneous		4,600	4,600
	<u>183,655</u>	<u>222,948</u>	<u>406,603</u>
Total Cash Receipts			
	<u>183,655</u>	<u>222,948</u>	<u>406,603</u>
Cash Disbursements:			
Current:			
General Government	121,558	24	121,582
Public Safety	5,432	19,948	25,380
Public Works	18,832	147,186	166,018
Capital Outlay		12,410	12,410
	<u>145,822</u>	<u>179,568</u>	<u>325,390</u>
Total Cash Disbursements			
	<u>145,822</u>	<u>179,568</u>	<u>325,390</u>
Total Receipts Over/(Under) Disbursements	<u>37,833</u>	<u>43,380</u>	<u>81,213</u>
Other Financing Receipts:			
Other Financing Sources	<u>7,950</u>		<u>7,950</u>
Total Other Financing Receipts	<u>7,950</u>	<u>0</u>	<u>7,950</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>45,783</u>	<u>43,380</u>	<u>89,163</u>
Fund Cash Balances, January 1	<u>91,647</u>	<u>140,924</u>	<u>232,571</u>
Fund Cash Balances, December 31	<u><u>\$137,430</u></u>	<u><u>\$184,304</u></u>	<u><u>\$321,734</u></u>

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

**COLERAIN TOWNSHIP
BELMONT COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCE - NONEXPENDABLE TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	<u>1999</u>	<u>1998</u>
Fund Cash Balance, January 1	<u>\$1,352</u>	<u>\$1,352</u>
Fund Cash Balance, December 31	<u>\$1,352</u>	<u>\$1,352</u>

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

This page intentionally left blank.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Colerain Township, Belmont 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, cemetery maintenance, and fire protection. The Township contracts with the Colerain, Barton, Maynard, and Wolfhurst Volunteer Fire Departments to provide fire 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

Certificates of deposit are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is 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 for constructing, maintaining and repairing Township roads.

Motor Vehicle License Tax fund - This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads.

Road and Bridge Fund - This fund receives property taxes for maintaining Township roads and bridges.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire Levy Fund - This fund receives property tax money to pay for fire protection.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

Issue II Fund - The Township received a grant from Belmont County for the East Loretta resurfacing and drainage project.

4. Fiduciary Funds

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. The Township had the following significant Fiduciary Fund:

Cemetery Bequest Fund - This fund receives interest used for the permanent care and decoration of graves in the Farmington cemetery.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 1999 and 1988 budgetary activity appears in Note 3.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

	<u>1999</u>	<u>1988</u>
Demand deposits	\$134,757	\$252,086
Certificates of deposit	171,000	71,000
Total deposits	\$305,757	\$323,086

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

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	\$85,802	\$118,228	\$32,426
Special Revenue	195,318	173,693	(21,625)
Capital Projects		21,874	21,874
Total	\$281,120	\$313,795	\$32,675

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$235,000	\$147,710	\$87,290
Special Revenue	271,172	161,540	109,632
Capital Projects		21,874	(21,874)
Total	\$506,172	\$331,124	\$175,048

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$99,904	\$191,605	\$91,701
Special Revenue	162,434	222,948	60,514
Total	\$262,338	\$414,553	\$152,215

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$232,528	\$145,822	\$86,706
Special Revenue	307,768	179,568	128,200
Total	\$540,296	\$325,390	\$214,906

At December 31, 1999, the General, Cemetery, and Federal Emergency Management Agency (FEMA) Funds' appropriations exceeded estimated resources. At December 31, 1998, the General, Cemetery, Equipment, and FEMA Funds' appropriations exceeded estimated resources.

At December 31, 1999, Issue II Fund disbursements exceeded appropriations.

During 1999 and 1998, not all expenditures were certified as to the availability of funds prior to their occurrence.

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.

5. RETIREMENT SYSTEMS

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

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

5. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1988, members of PERS contributed 8.5% 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.

6. RISK MANAGEMENT

The Township is a member of the Ohio Municipal League joint Self Insurance Pool (the Pool). The Pool assumes the risk 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 and casualty
- Public official's liability
- Vehicle

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

This page intentionally left blank.



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

Colerain Township
Belmont County
53979 Colerain Pike
Martins Ferry, Ohio 43935

To the Board of Trustees:

We have audited the accompanying financial statements of Colerain Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated October 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 1999-41007-001 through 1999-41007-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated October 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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operations of the internal control over financial reporting that, in our judgement, 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. Reportable conditions are described in the accompanying Schedule of Findings as items 1999-41007-006, 1999-41007-007 and 1999-41007-008.

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 none of the reportable conditions described above is 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 of the Township in a separate letter dated October 16, 2000.

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

This report is intended for the information and use of the 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

October 16, 2000

**COLERAIN TOWNSHIP
BELMONT COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1988**

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

FINDING NUMBER 1999-41007-001

Noncompliance Citation

Ohio Rev. Code Section 5705.10 states that all revenue derived from a specific source shall be credited to a special fund for the purpose for which the monies were received.

During the audit period, the following receipts were not posted to the fund designated to receive them:

<u>Year and Fund posted to</u>	<u>Proper Fund to Record the Transaction</u>	<u>Transaction Source</u>	<u>Receipt Amount</u>
1999 General	Road and Bridge	Tax distribution	\$496
1999 General	Road and Bridge	Homestead and Rollback Taxes	\$4,729
1998 General	Road and Bridge	Homestead and Rollback Taxes	\$4,637

Findings for adjustment are hereby issued to record the transactions in the proper fund, as listed above. The Clerk has posted these adjustments to his records, and these adjustments are reflected in the accompanying financial statements.

FINDING NUMBER 1999-41007-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (C) states that no subdivision is to expend money except by a proper warrant drawn against an appropriate fund.

During the audit period, the following disbursements were not posted to the fund designated to pay them:

<u>Year and Fund posted to</u>	<u>Proper Fund to Record the Transaction</u>	<u>Transaction Source</u>	<u>(Disbursement) Amount</u>
1999 Cemetery	Road and Bridge	Insurance premiums	(\$2,797)
1998 Cemetery	Road and Bridge	Insurance premiums	(\$15,904)

Findings for adjustment are hereby issued to record the transactions in the proper fund, as listed above. The Clerk has posted these adjustments to his records, and these adjustments are reflected in the accompanying financial statements.

**COLERAIN TOWNSHIP
BELMONT COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1988
(Continued)**

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

FINDING NUMBER 1999-41007-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, Township Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Township Trustees.

All obligations paid by the Township had a statement attached indicating the purchase was lawfully appropriated or in the process of collection to the credit of the appropriate fund, free from any previous encumbrance. This certification was not always issued prior to incurring the obligation for 35% of transactions tested in 1999, and 30% of transactions tested in 1998.

We recommend the Township monitor the use of purchase orders more carefully to help ensure expenditures are certified as to the availability of funds prior to their occurrence.

FINDING NUMBER 1999-41007-004

Noncompliance Citation

Ohio Rev. Code Section 5705.39 prohibits a political subdivision or taxing unit from making a fund appropriation in excess of the estimated revenue available for expenditure from the fund as certified by the budget commission on the official certificate of estimated resources.

At December 31, 1999, the General, Cemetery, and FEMA Funds' appropriations exceeded estimated resources by \$10,692, \$908, and \$1,942, respectively.

At December 31, 1998, the General, Cemetery, Equipment, and FEMA Funds' appropriations exceeded estimated resources by \$34,620, \$17,958, \$6,191, and \$76,619, respectively.

We recommend the Township compare appropriations to estimated revenue for each fund when the annual appropriation resolution is adopted and when supplemental amendments are passed to ensure amounts appropriated do not exceed estimated revenues.

**COLERAIN TOWNSHIP
BELMONT COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1988
(Continued)**

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

FINDING NUMBER 1999-41007-005

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (B) states no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

1999 Issue II Fund disbursements exceeded appropriations by \$21,874. This was caused by the posting of an adjustment to record Issue II benefits received and disbursed on the Township's behalf.

We recommend the Township record all on-behalf beneficiary transactions on their financial records and monitor disbursements to ensure that disbursements do not exceed appropriations. The Township should refer to Auditor of State Bulletin 2000-08 and Auditor of State Management Advisory Services Bulletin 89-17 regarding the proper accounting for Issue II money.

FINDING NUMBER 1999-41007-006

Reportable Condition

Estimated Resources

The Township's 1999 and 1998 budgetary financial statements did not reflect estimated resources per the official amended certificate received from the County Budget Commission. Not accurately posting authorized estimated resource amounts into the budgetary financial records resulted in appropriations exceeding estimated resources in various funds.

We recommend estimated resources be input into the Township's computer system as received from and authorized by the county budget commission per the official amended certificate.

FINDING NUMBER 1999-41007-007

Reportable Condition

Posting of Receipts and Disbursements

Numerous receipt and disbursement transactions were not posted into the correct receipt and appropriation classifications, based upon the source of the receipt or nature of disbursement. As a result, it was necessary to prepare numerous reclassification entries to accurately reflect these transactions in the Township's annual financial statements and also resulted in additional costs to be incurred by the Township.

We recommend the Clerk consult the Ohio Administrative Code when monies are received and bills are to be paid, to help ensure these transactions are posted to appropriate receipt and appropriation classifications and accurate financial statements are prepared.

**COLERAIN TOWNSHIP
BELMONT COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1988
(Continued)**

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

FINDING NUMBER 1999-41007-008

Reportable Condition

Record Organization

Records and files presented for audit were haphazardly placed in boxes, with no regard for the year the transaction occurred or the type of record being maintained. This could result in officials needing information to make important decisions that is not readily available, and did result in additional time expended by auditors in locating needed records and information which caused additional audit costs.

We recommend the Clerk establish separate file folders for each type of record maintained. Every year separate file folders should be established for, but not limited to, each type of payroll withholding being deducted from officials' and employees' payrolls and the forms prepared to report such information, each employees' vacation and sick leave accumulated and used, each employees' time card or authorized payroll sheet for each payroll period, each type of contract entered into by the Township, purchases of equipment or service where competitive bidding is required, budgetary forms, tax apportionment sheets, supporting documentation accompanying monies received from the Auditor of State, supporting documentation accompanying monies received from the County Auditor and information received from banking institutions regarding investment purchases, maturities and pledged collateral. Each month a separate folder should be established for vouchers and filed in numerical sequence.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

COLERAIN TOWNSHIP

BELMONT 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
NOVEMBER 28, 2000**