



**COLUMBIA TOWNSHIP
HAMILTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**COLUMBIA TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Columbia Township
Hamilton County
5686 Kenwood Road
Cincinnati, Ohio 45227

To the Board of Trustees:

We have audited the accompanying financial statements of Columbia 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 for 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 25, 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 of Trustees, and other officials authorized to receive this report under Section 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 25, 2000

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**COLUMBIA 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>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Local Taxes	\$56,678	\$1,323,699	\$0	\$1,380,377
Intergovernmental	259,458	191,833	0	451,291
Fines, Forfeitures, and Penalties	254	0	0	254
Earnings on Investments	66,386	3,469	0	69,855
Miscellaneous	65,004	34,508	0	99,512
Total Cash Receipts	<u>447,780</u>	<u>1,553,509</u>	<u>0</u>	<u>2,001,289</u>
Cash Disbursements:				
Current:				
General Government	420,574	427,182	0	847,756
Public Safety	0	329,582	0	329,582
Public Works	0	523,239	0	523,239
Health	3,017	0	0	3,017
Capital Outlay	5,636	644	0	6,280
Total Disbursements	<u>429,227</u>	<u>1,280,647</u>	<u>0</u>	<u>1,709,874</u>
Total Receipts Over/(Under) Disbursements	<u>18,553</u>	<u>272,862</u>	<u>0</u>	<u>291,415</u>
Other Financing Receipts/(Disbursements):				
Other Sources	523	1,462	0	1,985
Total Other Financing Receipts/(Disbursements)	<u>523</u>	<u>1,462</u>	<u>0</u>	<u>1,985</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	19,076	274,324	0	293,400
Fund Cash Balances January 1	<u>380,623</u>	<u>1,436,372</u>	<u>7,459</u>	<u>1,824,454</u>
Fund Cash Balances, December 31	<u>\$399,699</u>	<u>\$1,710,696</u>	<u>\$7,459</u>	<u>\$2,117,854</u>
Reserves for Encumbrances, December 31	<u>\$24,521</u>	<u>\$432,920</u>	<u>\$7,459</u>	<u>\$464,900</u>

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

**COLUMBIA 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>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Local Taxes	\$57,666	\$1,312,772	\$0	\$1,370,438
Intergovernmental	318,202	204,192	0	522,394
Fines, Forfeitures, and Penalties	11,030	0	0	11,030
Earnings on Investments	54,944	11,392	0	66,336
Miscellaneous	52,291	21,620	0	73,911
	<u>494,133</u>	<u>1,549,976</u>	<u>0</u>	<u>2,044,109</u>
Cash Disbursements:				
Current:				
General Government	306,377	352,082	0	658,459
Public Safety	0	339,878	0	339,878
Public Works	0	750,105	0	750,105
Health	8,715	0	0	8,715
Capital Outlay	12,000	0	27,379	39,379
	<u>327,092</u>	<u>1,442,065</u>	<u>27,379</u>	<u>1,796,536</u>
Total Receipts Over/(Under) Disbursements	<u>167,041</u>	<u>107,911</u>	<u>(27,379)</u>	<u>247,573</u>
Other Financing Receipts/(Disbursements):				
Other Sources	8,426	484	0	8,910
	<u>8,426</u>	<u>484</u>	<u>0</u>	<u>8,910</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	175,467	108,395	(27,379)	256,483
Fund Cash Balances January 1	205,156	1,327,977	34,838	1,567,971
Fund Cash Balances, December 31	<u>\$380,623</u>	<u>\$1,436,372</u>	<u>\$7,459</u>	<u>\$1,824,454</u>
Reserves for Encumbrances, December 31	<u>\$17,949</u>	<u>\$269,512</u>	<u>\$7,459</u>	<u>\$294,920</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Columbia 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 bridge maintenance. The Township contracts with Kenwood Fire District, Little Miami Fire District, and Fairfax/Madison Place Joint Fire District to provide fire and ambulance services. The Township contracts with the Hamilton County Sheriff's Department to provide security of persons and property.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Deposits

The Township pools all money into one general checking account.

D. Fund Accounting

The Township uses fund accounting to segregate cash and deposits 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 that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Police District Fund - This fund receives property tax money to pay for the Township's expenses for police protection contracted with the Hamilton County Sheriff's Department.

Garbage and Waste District Fund - This fund receives property tax money and intergovernmental funds for garbage and waste pickup services.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Projects Fund

The Capital Projects Fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects.

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 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 capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick/Personal Leave

Employees are entitled to cash payments for unused vacation and sick/personal 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. CASH AND DEPOSITS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and deposits at December 31 follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$ 2,117,854</u>	<u>\$ 1,824,454</u>

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

2. CASH AND DEPOSITS (Continued)

Deposits

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

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	\$ 264,860	\$ 448,303	\$ 183,443
Special Revenue	1,433,020	1,554,971	121,951
Total	\$ 1,697,880	\$ 2,003,274	\$ 305,394

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 642,836	\$ 453,748	\$ 189,088
Special Revenue	2,798,394	1,713,567	1,084,827
Capital Projects	7,459	7,459	0
Total	\$ 3,448,689	\$ 2,174,774	\$ 1,273,915

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 270,434	\$ 502,559	\$ 232,125
Special Revenue	1,416,510	1,550,460	133,950
Total	\$ 1,686,944	\$ 2,053,019	\$ 366,075

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 474,000	\$ 345,041	\$ 128,959
Special Revenue	2,979,469	1,711,577	1,267,892
Capital Projects	69,676	34,838	34,838
Total	\$ 3,523,145	\$ 2,091,456	\$ 1,431,689

The Kenwood Fire District, Special Revenue Fund, had expenditures exceeding appropriations in 1999.

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

3. BUDGETARY ACTIVITY (Continued)

In addition, the Township did not approve their annual appropriation measure until January 12, 1998 for fiscal year 1998. Except for the tax budget and temporary appropriations measure, no other budgetary documents were filed during 1999.

4. PROPERTY TAX

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

The Township's full-time and part-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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, PERS members 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 has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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

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

7. OTHER MATERIAL NON-COMPLIANCE

The Township had significant appropriations in excess of estimated resources throughout the year in the General Fund and three Special Revenue Funds: Permissive Motor Vehicle, Garbage and Waste, and Little Miami Fire District.

In addition, the Township had adjustments between funds and between transaction line-items totaling \$795,591 due to posting duplicate receipts and for receipts posted to the incorrect fund type, fund, and/or line item.

8. SUBSEQUENT EVENTS

In July 2000, the Township received a check in the amount of \$114,079 from Jim Harmon, the former Administrator, as restitution for his conviction of theft in office.

The Township was a defendant in a lawsuit filed by Keesh Construction Company. In August 2000, the Township settled the lawsuit and agreed to pay Keesh Construction Company \$235,000. The Township expects to make payment in 2000.

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

Columbia Township
Hamilton County
5686 Kenwood Road
Cincinnati, Ohio 45227

To the Board of Trustees:

We have audited the accompanying financial statements of Columbia 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 25, 2000. We conducted our audits 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* as items 1999-40431-001, 1999-40431-002 and 1999-40431-003.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 25, 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 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. Reportable conditions are described in the accompanying schedule of findings as items 1999-40431-004 and 1999-40431-005.

A material weakness is a condition in which the design or operation of one or more of the internal 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 over financial reporting that might be material weaknesses. However, we consider the reportable conditions described above to be material weaknesses.

We also noted other matters involving the internal controls over financial reporting that do not require inclusion in this report that we have reported to the management of the Township in a separate letter dated August 25, 2000.

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

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 25, 2000

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

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

FINDING NUMBER 1999-40431-001

Material Noncompliance

Ohio Revised Code, Section 5705.38(A), states on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County budget commission based upon the actual year-end balances, it may pass a temporary appropriations measure for meeting the ordinary expenses until April 1. In addition, Section 5705.38(C) states, appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and within each, the amount appropriated for personal services. The Township did not approve the fiscal year 1998 annual appropriations measure until January 12, 1998. For fiscal year 1999, the Township only approved a temporary appropriations measure. The temporary appropriations measure was approved at the fund type and fund level only. As a result of not passing the appropriations measures by the required due date, the expenditures from January 1, 1998 through January 11, 1998 and April 1, 1999 through December 31, 1999 were not properly approved by the Board of Trustees.

FINDING NUMBER 1999-40431-002

Material Noncompliance

Ohio Revised Code, Section 5705.39, states the total appropriation from each fund should not exceed the total estimated revenue. Throughout fiscal years 1999 and 1998, the Township had appropriations in excess of estimated resources for the following funds and amounts:

<u>Date Tested</u>	<u>Fund Type/Fund</u>	<u>Exceeded Amount</u>
3/31/99	General Fund	\$358,437
3/31/99	Special Revenue/Permissive Motor Vehicle	9,423
3/31/99	Special Revenue/Garbage and Waste	356,266
3/31/99	Special Revenue/Little Miami Fire District	83,712
3/31/98	General Fund	108,068
3/31/98	Special Revenue/Garbage and Waste	423,287

FINDING NUMBER 1999-40431-003

Material Noncompliance

Ohio Revised Code, Section 5705.41(D), does not allow an order or contract to be entered into without the fiscal officer's certification that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances. Ohio Revised Code, Section 5705.41(B), prohibits a Township from making any expenditure of money unless it has been properly appropriated.

The sum of the Township's expenditures and encumbrances in the Kenwood Fire District Fund exceeded appropriations by \$14,500 for fiscal year 1999. However, this did not result in a negative fund balance for this fund.

**COLUMBIA TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDING NUMBER 1999-40431-003 (Continued)

Additionally, the Township Trustees did not approve the fiscal year 1998 annual appropriations measure until January 12, 1998. For fiscal year 1999, the Township only approved a temporary appropriations measure. As a result, the expenditures from January 1, 1998 through January 11, 1998 and April 1, 1999 through December 31, 1999 were not properly approved by the Board of Trustees.

FINDING NUMBER 1999-40431-004

Material Weakness

Posting receipts to the correct fund type, fund and line item is essential to the proper functioning of the Township. Our testing of the revenue sections for fiscal year 1999 and 1998 revealed that \$795,591 of revenues that had to be adjusted to other transaction line items or adjusted other funds. We recommend the Clerk review the receipt and the supporting documentation with the receipt prior to signing his approval to ensure the accuracy of the posted receipt.

FINDING NUMBER 1999-40431-005

Material Weakness

The budgetary process is a plan for the coordination of expenditures and resources. When the process is adequately maintained, management has an overview of the anticipated revenues and expenditures of the entity. Additionally, the budgetary process forces management to review the fund status of the entity and prepare a budget for the entity. Other than the original tax budget filed with the County Auditor in 1998 for fiscal year 1999, the Township did not file any budgetary documents with the County Auditor for fiscal year 1999. We recommend the Board of Trustees document the required dates when budgetary documents are due and file them prior to their due date not only for the reasons indicated above but also to ensure compliance with budgetary laws and regulations as set forth by the Ohio Revised Code.



STATE OF OHIO
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COLUMBIA 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