



**COLERAIN TOWNSHIP
ROSS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

COLERAIN TOWNSHIP
ROSS COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Colerain Township
Ross County
656 Spencer Road
Kingston, Ohio 45644

To the Board of Trustees:

We have audited the accompanying financial statements of Colerain Township, Ross County, Ohio, (the Township) as of and for the years ended December 31, 2001 and December 31, 2000. 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 *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, Ross County, Ohio as of December 31, 2001 and December 31, 2000, 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 March 9, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, 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

March 9, 2002

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**COLERAIN TOWNSHIP
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<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	\$22,429	\$22,445	\$12,213	\$0	\$57,087
Intergovernmental	70,686	80,320	0	15,685	166,691
Charges for Services	0	140	0	0	140
Licenses, Permits, and Fees	0	6,000	0	0	6,000
Earnings on Investments	6,218	3,316	0	0	9,534
Other Revenue	2,163	5,018	0	0	7,181
Total Cash Receipts	<u>101,496</u>	<u>117,239</u>	<u>12,213</u>	<u>15,685</u>	<u>246,633</u>
Cash Disbursements:					
Current:					
General Government	36,082	618	0	0	36,700
Public Safety	0	40,511	0	0	40,511
Public Works	34,086	107,932	0	0	142,018
Debt Service:					
Redemption of Principal	0	0	9,717	0	9,717
Interest and Fiscal Charges	0	0	2,496	0	2,496
Capital Outlay	0	0	0	15,685	15,685
Total Cash Disbursements	<u>70,168</u>	<u>149,061</u>	<u>12,213</u>	<u>15,685</u>	<u>247,127</u>
Total Receipts Over/(Under) Disbursements	<u>31,328</u>	<u>(31,822)</u>	<u>0</u>	<u>0</u>	<u>(494)</u>
Other Financing Receipts/(Disbursements):					
Sale of Fixed Assets	0	623	0	5,400	6,023
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>623</u>	<u>0</u>	<u>5,400</u>	<u>6,023</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>31,328</u>	<u>(31,199)</u>	<u>0</u>	<u>5,400</u>	<u>5,529</u>
Fund Cash Balances, January 1	<u>54,784</u>	<u>108,934</u>	<u>0</u>	<u>0</u>	<u>163,718</u>
Fund Cash Balances, December 31	<u><u>\$86,112</u></u>	<u><u>\$77,735</u></u>	<u><u>\$0</u></u>	<u><u>\$5,400</u></u>	<u><u>\$169,247</u></u>

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

**COLERAIN TOWNSHIP
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local Taxes	\$21,069	\$42,619	\$7,124	\$0	\$70,812
Intergovernmental	62,017	176,694	0	37,700	276,411
Charges for Services	0	320	0	0	320
Earnings on Investments	5,576	3,449	0	0	9,025
Other Revenue	2,820	3,063	0	0	5,883
	91,482	226,145	7,124	37,700	362,451
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	51,101	1,006	0	0	52,107
Public Safety	0	60,212	0	0	60,212
Public Works	17,892	51,308	0	0	69,200
Debt Service:					
Redemption of Principal	0	0	5,505	0	5,505
Interest and Fiscal Charges	0	0	1,619	0	1,619
Capital Outlay	0	201,050	0	37,700	238,750
	68,993	313,576	7,124	37,700	427,393
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	22,489	(87,431)	0	0	(64,942)
Other Financing Receipts/(Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Notes	0	53,000	0	0	53,000
Sale of Fixed Assets	0	6,649	0	0	6,649
Transfers-In	0	48,000	0	0	48,000
Transfers-Out	(48,000)	0	0	0	(48,000)
	(48,000)	107,649	0	0	59,649
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(25,511)	20,218	0	0	(5,293)
Fund Cash Balances, January 1	80,295	88,716	0	0	169,011
Fund Cash Balances, December 31	\$54,784	\$108,934	\$0	\$0	\$163,718

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

**COLERAIN TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Colerain Township, Ross 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 road and bridge maintenance, fire protection and emergency medical services. The Township contracts with the Village of Laurelville, Green Township, Salt Creek Tarlton Volunteer Fire Department, and the Pickaway County Volunteer Firefighters Association to provide mutual assistance 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. 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

Certificates of deposit 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:

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

Fire Levy Fund - This fund receives fire levy tax money and intergovernmental receipts to provide fire and emergency services to the residents of the Township.

**COLERAIN TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Fire Truck Note Retirement Fund - This fund is used to accumulate tax monies to pay interest and principal payments on the purchased fire truck.

4. Capital Projects 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 Projects fund:

Issue II Fund - The fund records the on-behalf payments (as receipts and disbursements) made by the County for Township road improvements from Issue II funds.

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 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 re-appropriated in the subsequent year.

A summary of 2001 and 2000 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
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

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 and investments at December 31 was as follows:

	2001	2000
Demand deposits	\$169,247	\$55,718
Certificates of deposit	0	108,000
Total deposits	\$169,247	\$163,718

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (3) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$108,804	\$101,496	(\$7,308)
Special Revenue	125,117	117,862	(7,255)
Debt Service	12,213	12,213	0
Capital Projects	18,753	21,085	2,332
Total	\$264,887	\$252,656	(\$12,231)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$161,050	\$70,168	\$90,882
Special Revenue	224,771	149,061	75,710
Debt Service	12,213	12,213	0
Capital Projects	18,750	15,685	3,065
Total	\$416,784	\$247,127	\$169,657

**COLERAIN TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$86,482	\$91,482	\$5,000
Special Revenue	281,812	333,794	51,982
Debt Service	7,124	7,124	0
Capital Projects	37,700	37,700	0
Total	\$413,118	\$470,100	\$56,982

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$148,550	\$116,993	\$31,557
Special Revenue	417,584	313,576	104,008
Debt Service	7,124	7,124	0
Capital Projects	37,700	37,700	0
Total	\$610,958	\$475,393	\$135,565

4. PROPERTY TAX

Real property taxes become 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 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. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Note	\$37,778	6%

The general obligation notes were issued to finance the purchase of a new fire truck to be used for Township fire services.

**COLERAIN TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT (Continued)

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

<u>Year ending December 31:</u>	<u>General Obligation Notes</u>
2002	\$10,178
2003	12,213
2003	12,213
2004	<u>6,988</u>
Total	<u><u>\$41,592</u></u>

The Township has prepaid interest and principal payments for January and February of 2002. This is expected to result in the Township paying less interest than what is originally calculated.

6. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement 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 2000 and 2001, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, for the period July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

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

Colerain Township
Ross County
656 Spencer Road
Kingston, Ohio 45644

To the Board of Trustees:

We have audited the accompanying financial statements of Colerain Township, Ross County, Ohio (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated March 9, 2002. 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 *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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 9, 2002.

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. 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. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Colerain Township
Ross County
Report on Compliance and on Internal Control Required
by *Government Auditing Standards*
Page 2

This report is intended solely 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.

JIM PETRO
Auditor of State

March 9, 2002



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OFFICE OF THE AUDITOR

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COLERAIN TOWNSHIP

ROSS 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
MAY 9, 2002**