



**Auditor of State
Betty Montgomery**

COLERAIN TOWNSHIP
BELMONT COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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, 2003 and 2002. 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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

As described 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, 2003 and 2002, 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 29, 2004, 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 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 29, 2004

**COLERAIN TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Fiduciary Funds</u> | |
| Cash Receipts: | | | | |
| Local Taxes | \$28,583 | \$96,079 | \$ | \$124,662 |
| Intergovernmental | 121,274 | 90,999 | | 212,273 |
| Special Assessments | | 7,247 | | 7,247 |
| Licenses, Permits, and Fees | | 225 | | 225 |
| Earnings on Investments | 9,140 | 3,763 | | 12,903 |
| Other Revenue | 75 | 570 | | 645 |
| | <u>159,072</u> | <u>198,883</u> | <u>0</u> | <u>357,955</u> |
| Total Cash Receipts | | | | |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 68,766 | 28 | | 68,794 |
| Public Safety | | 17,730 | | 17,730 |
| Public Works | 26,994 | 176,895 | | 203,889 |
| Health | 16,704 | 200 | | 16,904 |
| Capital Outlay | 4,930 | | | 4,930 |
| | <u>117,394</u> | <u>194,853</u> | <u>0</u> | <u>312,247</u> |
| Total Cash Disbursements | | | | |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>41,678</u> | <u>4,030</u> | <u>0</u> | <u>45,708</u> |
| Fund Cash Balances, January 1 | <u>254,856</u> | <u>192,130</u> | <u>1,052</u> | <u>448,038</u> |
| Fund Cash Balances, December 31 | <u>\$296,534</u> | <u>\$196,160</u> | <u>\$1,052</u> | <u>\$493,746</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 AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Fiduciary Funds</u> | |
| Cash Receipts: | | | | |
| Local Taxes | \$28,251 | \$97,424 | \$ | \$125,675 |
| Intergovernmental | 168,168 | 81,132 | | 249,300 |
| Special Assessments | | 7,128 | | 7,128 |
| Licenses, Permits, and Fees | | 50 | | 50 |
| Earnings on Investments | 1,570 | 162 | | 1,732 |
| Other Revenue | 1,323 | 3,048 | | 4,371 |
| | <u>199,312</u> | <u>188,944</u> | <u>0</u> | <u>388,256</u> |
| Total Cash Receipts | | | | |
| | <u>199,312</u> | <u>188,944</u> | <u>0</u> | <u>388,256</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 56,598 | 29 | | 56,627 |
| Public Safety | | 20,054 | | 20,054 |
| Public Works | 23,231 | 176,580 | | 199,811 |
| Health | 14,982 | | | 14,982 |
| Other | 6,000 | | | 6,000 |
| Purchased Services | | | 100 | 100 |
| Capital Outlay | 70 | | | 70 |
| | <u>100,881</u> | <u>196,663</u> | <u>100</u> | <u>297,644</u> |
| Total Cash Disbursements | | | | |
| | <u>100,881</u> | <u>196,663</u> | <u>100</u> | <u>297,644</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>98,431</u> | <u>(7,719)</u> | <u>(100)</u> | <u>90,612</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Transfers-In | | 3,000 | | 3,000 |
| Transfers-Out | (3,000) | | | (3,000) |
| | <u>(3,000)</u> | <u>3,000</u> | <u>0</u> | <u>0</u> |
| Total Other Financing Receipts/(Disbursements) | | | | |
| | <u>(3,000)</u> | <u>3,000</u> | <u>0</u> | <u>0</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | <u>95,431</u> | <u>(4,719)</u> | <u>(100)</u> | <u>90,612</u> |
| Fund Cash Balances, January 1 | <u>159,425</u> | <u>196,849</u> | <u>1,152</u> | <u>357,426</u> |
| Fund Cash Balances, December 31 | <u>\$254,856</u> | <u>\$192,130</u> | <u>\$1,052</u> | <u>\$448,038</u> |

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

**COLERAIN TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Colerain Volunteer Fire Department, Maynard Volunteer Fire Department, Barton Volunteer Fire Department, and Wolfhurst Central Volunteer Fire Department to provide fire protection.

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

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:

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

Gasoline Tax Fund - This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

COLERAIN TOWNSHIP
BELMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. **Fund Accounting (Continued)**

2. **Special Revenue Funds (Continued)**

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

3. **Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant Fiduciary Fund:

Hughes-McCarty Cemetery Bequest Fund – This fund receives interest earnings used for the care and decoration of the Hughes-McCarty-Hicks lot in 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 2003 and 2002 budgetary activity appears in Note 3.

**COLERAIN TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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. 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 at December 31 was as follows:

| | 2003 | 2002 |
|-------------------------|-----------|-----------|
| Demand deposits | \$392,746 | \$346,939 |
| Certificates of deposit | 101,000 | 101,099 |
| Total deposits | \$493,746 | \$448,038 |

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities pledged by the financial institution to the Township, or (3) collateralized by the financial institutions public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002, follows:

2003 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|----------|
| General | \$95,527 | \$159,072 | \$63,545 |
| Special Revenue | 180,176 | 198,883 | 18,707 |
| Total | \$275,703 | \$357,955 | \$82,252 |

2003 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------|----------------------------|---------------------------|-----------|
| General | \$333,000 | \$117,394 | \$215,606 |
| Special Revenue | 359,697 | 194,853 | 164,844 |
| Fiduciary | 1,052 | 0 | 1,052 |
| Total | \$693,749 | \$312,247 | \$381,502 |

**COLERAIN TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

| 2002 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$95,527 | \$199,312 | \$103,785 |
| Special Revenue | 179,457 | 191,944 | 12,487 |
| Total | \$274,984 | \$391,256 | \$116,272 |

| 2002 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$244,700 | \$103,881 | \$140,819 |
| Special Revenue | 362,230 | 196,663 | 165,567 |
| Fiduciary | 1,152 | 100 | 1,052 |
| Total | \$608,082 | \$300,644 | \$307,438 |

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.

Public utilities are also taxed on personal and real property located within the Township.

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 elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, 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, 2003.

**COLERAIN TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

Financial Position

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

| <u>Casualty Coverage</u> | <u>2003</u> | <u>2002</u> |
|--------------------------|---------------------|---------------------|
| Assets | \$27,792,223 | \$23,757,036 |
| Liabilities | (11,791,300) | (9,197,512) |
| Retained earnings | <u>\$16,000,923</u> | <u>\$14,559,524</u> |

COLERAIN TOWNSHIP
BELMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

6. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

| <u>Property Coverage</u> | <u>2003</u> | <u>2002</u> |
|--------------------------|--------------------|--------------------|
| Assets | \$6,791,060 | \$6,596,996 |
| Liabilities | <u>(750,956)</u> | <u>(1,204,326)</u> |
| Retained earnings | <u>\$6,040,104</u> | <u>\$5,392,670</u> |

7. CONTINGENT LIABILITIES

Grants

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.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT 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, 2003 and 2002, and have issued our report thereon dated October 29, 2004, wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2003-001 and 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to the Township's management in a separate letter dated October 29, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting 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 management's assertions in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2003-003.

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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 do not believe the reportable condition described above is a material weakness. We also noted another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the Township's management in a separate letter dated October 29, 2004.

This report is intended solely 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.



Betty Montgomery
Auditor of State

October 29, 2004

**COLERAIN TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Finding for Recovery – Repaid Under Audit

Ohio Rev. Code Sections 507.09(A)(5) and (D)(4)-(5) provides that in a township having a budget of more than \$500,000 but not more than \$750,000, the compensation of a Township Clerk (elected or appointed prior to December 8, 2000), shall be \$12,381 for each year. For fiscal years 2002 and 2003, the approved annual budget of Colerain Township was \$632,411 and \$723,741, respectively. William J. Nagel was elected on November 2, 1999 as Township Clerk to a term beginning April 1, 2000 by the residents of Colerain Township. For the years ended December 31, 2003 and 2002, Mr. Nagel was paid \$12,831 and \$12,831, respectively, for a total overpayment of \$900.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against William J. Nagel, Colerain Township Clerk, and Ohio Farmers Insurance Company, his bonding company, jointly and severally, in the amount of \$900 in favor of the Colerain Township General Fund.

On October 29, 2004, the \$900 overpayment was deducted from the Township Clerk's October 2004 gross salary.

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by Ohio Rev. Code Section 5705.41(D) (1):

- A. Then and Now Certificate - If the fiscal officer can certify that both at the time the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- B. Amounts of less than \$1,000 (\$3,000 after April 7, 2003) may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "Then and Now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The certification of available funds was not obtained for 24% of transactions tested and there was no evidence of a "Then and Now" certificate being used by the Township Clerk. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**COLERAIN TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

| |
|---|
| <p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p> |
|---|

**FINDING NUMBER 2003-002
(Continued)**

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.41(D)(1) (Continued)

We recommend Township officials obtain the Township Clerk's certification of available funds for all expenditures prior to incurring the obligation.

FINDING NUMBER 2003-003

Reportable Condition

Estimated receipts as approved by the County Budget Commission should be entered into the Township's computer system.

The Township Clerk did not accurately post estimated receipts to the Uniform Accounting Network computer system. Because the information posted to the ledgers was inaccurate, Township management was unable to effectively monitor budget versus actual activity. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts as certified by the County Budget Commission.

To help ensure more useful comparisons of budget versus actual activity, we recommend the Township Clerk post estimated receipts to the computer system as certified by the County Budget Commission.

**COLERAIN TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i> |
|----------------|--|------------------|---|
| 2001-41007-001 | Ohio Rev. Code Section 507.09 states that a Township Clerk shall be entitled to a certain amount of compensation. | Yes | N/A. |
| 2001-41007-002 | Ohio Rev. Code Section 5705.41(B) allows no subdivision to expend money unless it has been properly appropriated. | Yes | N/A |
| 2001-41007-003 | Estimated receipts as approved by the County Budget Commission were not entered into the Township's computer system. | No | Not Corrected; Reissued as Finding Number 2003-003. |
| 2001-41007-004 | The Township did not always post receipts to the correct line item account. | No | Partially corrected; Reissued in the management letter. |



**Auditor of State
Betty Montgomery**

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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
DECEMBER 7, 2004**