



**Auditor of State
Betty Montgomery**

**COLUMBIA TOWNSHIP
HAMILTON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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, 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 conduct the audit of 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 § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code, §§ 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 discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 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 March 26, 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 the management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 26, 2004

**COLUMBIA TOWNSHIP
HAMILTON COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Local Taxes	\$46,587	\$1,307,130	\$0	\$0	\$1,353,717
Intergovernmental	1,063,159	203,082		9,483	1,275,724
Licenses, Permits, and Fees	779				779
Earnings on Investments	23,564	2,102			25,666
Other Revenue	84,909	97,086		1,599	183,594
	<u>1,218,998</u>	<u>1,609,400</u>	<u>0</u>	<u>11,082</u>	<u>2,839,480</u>
Cash Disbursements:					
Current:					
General Government	319,617				319,617
Public Safety		811,062			811,062
Public Works		781,500			781,500
Health	8,301				8,301
Debt Service:					
Redemption of Principal			450,000		450,000
Interest and Fiscal Charges			13,050		13,050
Capital Outlay		742		155,816	156,558
	<u>327,918</u>	<u>1,593,304</u>	<u>463,050</u>	<u>155,816</u>	<u>2,540,088</u>
Total Receipts Over/(Under) Disbursements	<u>891,080</u>	<u>16,096</u>	<u>(463,050)</u>	<u>(144,734)</u>	<u>299,392</u>
Other Financing Receipts and (Disbursements):					
Sale of Notes			450,000		450,000
Transfers-In	7,858	17,998	13,050	45,673	84,579
Transfers-Out	(73,363)	(11,216)			(84,579)
	<u>(65,505)</u>	<u>6,782</u>	<u>463,050</u>	<u>45,673</u>	<u>450,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	825,575	22,878	0	(99,061)	749,392
Fund Cash Balances, January 1	1,045,808	1,424,015		125,888	2,595,711
Fund Cash Balances, December 31	<u>\$1,871,383</u>	<u>\$1,446,893</u>	<u>\$0</u>	<u>\$26,827</u>	<u>\$3,345,103</u>
Reserve for Encumbrances, December 31	<u>\$155</u>	<u>\$3,930</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,085</u>

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

**COLUMBIA TOWNSHIP
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Local Taxes	\$41,230	\$1,259,263	\$0	\$0	\$1,300,493
Intergovernmental	895,923	233,483			1,129,406
Fines, Forfeitures, and Penalties	722				722
Earnings on Investments	23,521	2,009			25,530
Other Revenue	84,157	83,153		432,556	599,866
	<u>1,045,553</u>	<u>1,577,908</u>	<u>0</u>	<u>432,556</u>	<u>3,056,017</u>
Cash Disbursements:					
Current:					
General Government	351,544	424,001			775,545
Public Safety		302,668			302,668
Public Works		711,844			711,844
Health	10,854				10,854
Debt Service:					
Redemption of Principal			600,000		600,000
Interest and Fiscal Charges			22,508		22,508
Capital Outlay	8,611	2,442		306,668	317,721
	<u>371,009</u>	<u>1,440,955</u>	<u>622,508</u>	<u>306,668</u>	<u>2,741,140</u>
Total Receipts Over/(Under) Disbursements	<u>674,544</u>	<u>136,953</u>	<u>(622,508)</u>	<u>125,888</u>	<u>314,877</u>
Other Financing Receipts and (Disbursements):					
Sale of Notes			450,000		450,000
Transfers In			172,508		172,508
Transfers Out	(86,000)	(86,508)		0	(172,508)
	<u>(86,000)</u>	<u>(86,508)</u>	<u>622,508</u>	<u>0</u>	<u>450,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	588,544	50,445	0	125,888	764,877
Fund Cash Balances, January 1	457,264	1,373,570		0	1,830,834
Fund Cash Balances, December 31	<u>\$1,045,808</u>	<u>\$1,424,015</u>	<u>\$0</u>	<u>\$125,888</u>	<u>\$2,595,711</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$40,124</u>	<u>\$0</u>	<u>\$0</u>	<u>\$40,124</u>

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

**COLUMBIA TOWNSHIP
HAMILTON COUNTY**

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

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 road and bridge maintenance, fire protection and emergency medical services. 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 Investments

The Townships holds only demand deposits.

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:

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

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
HAMILTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 Funds:

General Note Retirement Fund - This fund is used to re-pay the note proceeds received from an issuance for the construction of a new Administrative building.

4. 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 funds

Ohio Public Works Commission Fund - The Township received grants from the State of Ohio to improve various Township streets.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2003 and 2002 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.

**COLUMBIA TOWNSHIP
HAMILTON COUNTY**

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

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

	2003	2002
Demand Deposits	3,345,103	2,595,711
Total deposits	\$3,345,103	\$2,595,711

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

3. BUDGETARY ACTIVITY

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

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,894	\$1,226,856	\$1,179,962
Special Revenue	1,504,008	1,627,398	123,390
Debt Service	0	463,050	463,050
Capital Projects	0	56,755	56,755
Total	\$1,550,902	\$3,374,059	\$1,823,157

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$462,402	\$401,436	\$60,966
Special Revenue	1,770,760	1,608,450	162,310
Debt Service	476,550	463,050	13,500
Capital Projects	743,673	155,816	587,857
Total	\$3,453,385	\$2,628,752	\$824,633

**COLUMBIA TOWNSHIP
HAMILTON 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	\$46,894	\$1,045,553	\$998,659
Special Revenue	1,484,010	1,577,908	93,898
Debt Service	0	622,508	622,508
Capital Projects	0	432,556	432,556
Total	\$1,530,904	\$3,678,525	\$2,147,621

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$458,763	\$457,009	\$1,754
Special Revenue	2,394,493	1,567,587	826,906
Debt Service	0	622,508	(622,508)
Capital Projects	914,327	306,668	607,659
Total	\$3,767,583	\$2,953,772	\$813,811

Contrary to Ohio law, the Township had total appropriations from several funds that exceeded the total estimated revenue for the 2003 and 2002 fiscal years. Also, contrary to Ohio law, the Township failed to record \$450,000 of note refinancing proceeds into a debt service fund in 2003 and 2002. The report has been adjusted to show the activity in the Debt Service Fund.

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.

**COLUMBIA TOWNSHIP
HAMILTON COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
General Obligation Notes	450,000	2.9%
Total	\$450,000	

The general obligation notes were issued to finance the construction of a new Township Administrative building. The notes are collateralized solely by the Township's taxing authority.

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

	General Obligation Note
Year ending December 31:	
2004	\$97,642
2005	95,069
2006	97,571
2007	99,851
2008	97,131
Total	\$487,264

6. 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. The 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. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2003. The Township has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

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

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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, 2003 and 2002, and have issued our report thereon dated March 26, 2004. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 to 2003-002.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 26, 2004.

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.

However, we 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 March 26, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 26, 2004

**COLUMBIA TOWNSHIP
HAMILTON COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Revised Code, Section 5705.39, requires that “the total appropriation from each fund should not exceed the total estimated revenue.” For 2003 the following exceptions were noted where appropriations exceeded estimated revenue. The following exceptions were noted at September 30, October 31, November 30, and year end.

Fund #	Date	Estimated Resource Amount	Appropriation Amount	Variance
FEMA	12/31/03	\$0	\$15,216	(\$15,216)
General Note Retirement	12/31/03	0	476,550	(476,550)
Permanent Improvement	12/31/03	0	343,673	(343,673)
Garage Expansion	12/31/03	0	150,000	(150,000)
Plainville Area	12/31/03	0	50,000	(50,000)
OPWC - Issue II	12/31/03	125,888	200,000	(74,112)

For 2002 the following exceptions were noted where appropriations exceeded estimated revenue.

Fund #	Date	Estimated Resource Amount	Appropriation Amount	Variance
General	11/30/02	\$547,645	\$799,400	(\$251,755)
Road & Bridge	11/30/02 12/31/02	145,769	174,500	(28,731)
Garbage & Waste	11/30/02 12/31/02	610,321	765,000	(154,679)
FEMA	11/30/02 12/31/02	3,881	41,939	(38,058)
OPWC - Issue II	11/30/02 12/31/02	0 0	581,000 914,327	(581,000) (914,327)

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Revised Code, Section 5705.09, requires “each subdivision to establish a bond retirement fund into which it must pay sufficient revenues to retire serial bonds, notes and certificates of indebtedness at maturity.” Section D of the agreement with Fifth Third Bank requires that all note proceeds are to be deposited into a debt service fund. The Township failed to record \$450,000 of note refinancing proceeds into a debt service fund in 2003 and 2002. The financial statements were adjusted to reflect this transaction; however, the Township is not in compliance with its debt agreement with Fifth Third Bank.

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**COLUMBIA TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED 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>
2001-40431-001	Finding for Recovery, the Township did not have sufficient invoices for credit card purchases.	Yes	
2001-40431-002	Finding for Recovery, the Township did not have sufficient invoices for credit card purchases.	Yes	
2001-40431-003	Finding for Recovery, Former Clerk was paid an incorrect amount of accumulated leave upon separation.	Yes	
2001-40431-004	5705.41(D), the Township had expenditures in excess of appropriations.	No	Partially corrected. Management comments were issued for the same revised code section for the 2003 and 2002 audit period.
2001-40431-005	5705.38, the Township did not approve an appropriation measure by the required date.	Yes	
2001-40431-006	5705.41(B), the Township had expenditures in excess of appropriations.	No	Partially corrected. Management comments were issued for the same revised code section for the 2003 and 2002 audit period.
2001-40431-007	The Township was not in compliance with its debt agreement with Fifth Third bank.	No	Compliance citation issued for the 2003 an 2002 audit period. See Finding 2003-002 period.
2001-40431-008	The township has no written policies for credit card usage.	Yes	

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**Auditor of State
Betty Montgomery**

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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
APRIL 13, 2004**