



**COLERAIN TOWNSHIP  
HAMILTON COUNTY**

**SINGLE AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



COLERAIN TOWNSHIP  
HAMILTON COUNTY

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Colerain Township  
Hamilton County  
4200 Springdale Road  
Cincinnati, Ohio 45251

To the Board of Trustees:

We have audited the accompanying financial statements of Colerain Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2001 and 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 and reserves for encumbrances of Colerain Township, Hamilton County as of December 31, 2001 and 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 August 14, 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.

We performed our audit to form an opinion on the financial statements of the Township, taken as a whole. The accompanying Schedule of Federal Awards Expenditures for the year ended December 31, 2001, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Government, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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", written in a cursive style.

**Jim Petro**  
Auditor of State

August 14, 2002

**COLERAIN 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, 2001**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$458,745	\$11,193,293	\$0	\$0	\$11,652,038
Intergovernmental	2,207,218	1,815,157	0	432,092	4,454,467
Special Assessments	0	40,167	0	0	40,167
Licenses, Permits, and Fees	728,357	52,751	0	0	781,108
Fines, Forfeitures, and Penalties	0	939	0	0	939
Earnings on Investments	602,048	24,831	397	0	627,276
Other Revenue	241,539	440,586	0	0	682,125
<b>Total Cash Receipts</b>	<u>4,237,907</u>	<u>13,567,724</u>	<u>397</u>	<u>432,092</u>	<u>18,238,120</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	1,031,256	1,593,053	0	0	2,624,309
Public Safety	0	8,692,944	0	0	8,692,944
Public Works	290,847	1,400,388	0	0	1,691,235
Health	59,148	0	0	0	59,148
Conservation - Recreation	779,710	0	0	0	779,710
Debt Service:					
Redemption of Principal	0	0	1,117,776	0	1,117,776
Interest and Fiscal Charges	0	0	96,537	0	96,537
Capital Outlay	446,818	739,304	0	432,092	1,618,214
<b>Total Cash Disbursements</b>	<u>2,607,779</u>	<u>12,425,689</u>	<u>1,214,313</u>	<u>432,092</u>	<u>16,679,873</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>1,630,128</u>	<u>1,142,035</u>	<u>(1,213,916)</u>	<u>0</u>	<u>1,558,247</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Bonds	6,810,648	3,150,000	1,200,000	0	11,160,648
Transfers-In	1,294,271	206,539	0	0	1,500,810
Transfers-Out	(175,000)	(1,294,271)	0	(31,539)	(1,500,810)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>7,929,919</u>	<u>2,062,268</u>	<u>1,200,000</u>	<u>(31,539)</u>	<u>11,160,648</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>9,560,047</u>	<u>3,204,303</u>	<u>(13,916)</u>	<u>(31,539)</u>	<u>12,718,895</u>
<b>Fund Cash Balances, January 1</b>	<u>7,679,304</u>	<u>5,315,175</u>	<u>38,447</u>	<u>31,539</u>	<u>13,064,465</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$17,239,351</b></u>	<u><b>\$8,519,478</b></u>	<u><b>\$24,531</b></u>	<u><b>\$0</b></u>	<u><b>\$25,783,360</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$2,166,668</b></u>	<u><b>\$1,578,944</b></u>	<u><b>\$0</b></u>	<u><b>\$143,738</b></u>	<u><b>\$3,889,350</b></u>

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

**COLERAIN 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, 2000**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$458,088	\$7,815,435	\$0	\$0	\$8,273,523
Intergovernmental	2,419,876	1,570,944	0	292,943	4,283,763
Special Assessments	0	0	0	55,441	55,441
Licenses, Permits, and Fees	734,691	47,763	0	0	782,454
Fines, Forfeitures, and Penalties	0	1,802	0	0	1,802
Earnings on Investments	736,101	31,926	0	0	768,027
Other Revenue	239,824	1,000,797	0	0	1,240,621
<b>Total Cash Receipts</b>	<u>4,588,580</u>	<u>10,468,667</u>	<u>0</u>	<u>348,384</u>	<u>15,405,631</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	912,497	1,920,547	0	0	2,833,044
Public Safety	0	7,624,308	0	0	7,624,308
Public Works	430,298	1,716,968	0	36,175	2,183,441
Health	53,656	0	0	0	53,656
Conservation - Recreation	744,177	0	0	0	744,177
Debt Service:					
Redemption of Principal	0	0	220,000	0	220,000
Interest and Fiscal Charges	0	0	65,952	0	65,952
Capital Outlay	976,796	347,539	0	294,861	1,619,196
<b>Total Cash Disbursements</b>	<u>3,117,424</u>	<u>11,609,362</u>	<u>285,952</u>	<u>331,036</u>	<u>15,343,774</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>1,471,156</u>	<u>(1,140,695)</u>	<u>(285,952)</u>	<u>17,348</u>	<u>61,857</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Transfers-In	0	200,000	286,000	0	486,000
Transfers-Out	(486,000)	0	0	0	(486,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(486,000)</u>	<u>200,000</u>	<u>286,000</u>	<u>0</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>985,156</u>	<u>(940,695)</u>	<u>48</u>	<u>17,348</u>	<u>61,857</u>
<b>Fund Cash Balances, January 1</b>	<u>6,694,148</u>	<u>6,255,870</u>	<u>38,399</u>	<u>14,191</u>	<u>13,002,608</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$7,679,304</b></u>	<u><b>\$5,315,175</b></u>	<u><b>\$38,447</b></u>	<u><b>\$31,539</b></u>	<u><b>\$13,064,465</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$257,384</b></u>	<u><b>\$842,029</b></u>	<u><b>\$0</b></u>	<u><b>\$427,057</b></u>	<u><b>\$1,526,470</b></u>

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

**COLERAIN TOWNSHIP  
HAMILTON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Colerain 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 cemetery maintenance, police operations, fire protection and emergency medical services, and park operations (leisure time activities).

The Township's management believes these financial statements present all activities for which the Township is financially accountable, except employee compensation funds, which are maintained by outside custodians are not included in these financial statements. Assets held by custodians are described in Note 8 to the financial statements.

**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**

Investments are recorded as assets. Accordingly, purchases of investments are recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAROHIO (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. All other investments 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 Fund:

**COLERAIN TOWNSHIP  
HAMILTON COUNTY**

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

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

Police District Fund

This fund was receives money from a continuing levy for the operation of a police department which serves the residents of the Township.

Fire District Fund

This fund receives money from a continuing levy for the operation of a fire department which serves the residents of the Township.

**3. Debt Service Fund**

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

General Note Retirement Fund

This fund receives monies by transfer from the General Fund for the repayment of a note associated with the construction of the Township governmental complex.

**4. Capital Project Funds**

These funds are used to account for the receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Projects Funds:

CBK03 Fund

This fund receives monies from the Ohio Public Works Commission for road construction.

Compton Estate Fund

This fund receives funds from Ohio Public Works Commission for road construction.

**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 cash as of January 1. The County Budget Commission must also approve estimated resources.

**COLERAIN TOWNSHIP  
HAMILTON COUNTY**

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

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

**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.

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.

**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 investment 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:

	<u>2001</u>	<u>2000</u>
Demand deposits	<u>\$370,637</u>	<u>\$573,048</u>
Total deposits	<u>370,637</u>	<u>573,048</u>
U.S. Treasury Bonds	5,990,152	5,990,152
STAR Ohio	7,400,000	5,500,000
Repurchase Agreement	<u>12,022,571</u>	<u>1,001,265</u>
Total investments	<u>25,412,723</u>	<u>12,491,417</u>
Total deposits and investments	<u>\$25,783,360</u>	<u>\$13,064,465</u>

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

**Investments:** U.S. Treasury Bonds are held in book- entry form by the Federal Reserve in the name of the Township's financial institution. The financial institution maintains records identifying the Township as the owner of these securities. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. The repurchase agreement is collateralized by the financial institution.

**COLERAIN TOWNSHIP  
HAMILTON COUNTY**

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

**3. BUDGETARY ACTIVITY**

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

2001 Budgeted vs. Actual Receipts

Fund Type	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$3,358,669	\$12,342,826	\$8,984,157
Special Revenue	14,641,289	16,924,263	2,282,974
Debt Service	1,134,436	1,200,397	65,961
Capital Projects	<u>1,750,257</u>	<u>432,092</u>	<u>(1,318,165)</u>
Total	<u>\$20,884,651</u>	<u>\$30,899,578</u>	<u>\$10,014,927</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$7,323,319	\$4,949,446	\$2,373,873
Special Revenue	18,218,574	15,298,904	2,919,670
Debt Service	1,172,882	1,214,313	(41,431)
Capital Projects	<u>1,305,454</u>	<u>607,369</u>	<u>698,085</u>
Total	<u>\$28,020,229</u>	<u>\$22,070,032</u>	<u>\$5,950,197</u>

2000 Budgeted vs. Actual Receipts

Fund Type	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$3,017,846	\$4,588,580	\$1,570,734
Special Revenue	11,385,599	10,668,667	(716,932)
Debt Service	285,952	286,000	48
Capital Projects	<u>1,656,233</u>	<u>348,384</u>	<u>(1,307,849)</u>
Total	<u>\$16,345,630</u>	<u>\$15,891,631</u>	<u>(\$453,999)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$6,102,037	\$3,860,808	\$2,241,229
Special Revenue	16,921,636	12,451,391	4,470,245
Debt Service	286,000	285,952	48
Capital Projects	<u>1,646,900</u>	<u>758,093</u>	<u>888,807</u>
Total	<u>\$24,956,573</u>	<u>\$17,356,244</u>	<u>\$7,600,329</u>

**COLERAIN TOWNSHIP  
HAMILTON COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to Ohio law, total estimated receipts exceeded actual receipts in the HGMP, CBK 03 Prechtel Road, and Compton Estate funds at December 31, 2001. Also total estimated receipts exceeded actual receipts in the FEMA fund at December 32, 2000.

**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:

	<u>Principal</u>	<u>Interest</u>
Equipment Lease	\$78,441	4.93%
Building Improvement Refunding Bonds	1,200,000	2.75% - 4.75%
Building Improvement Bonds	2,800,000	3% - 5%
Fire Department Bonds	3,150,000	3% - 5%
Park Bonds	<u>4,000,000</u>	3% - 5%
Total	<u>\$11,228,441</u>	

The Equipment Lease was entered into for the purchase of equipment and other personal property. The lease will be paid as indicated in the schedule below.

The Building Improvement Refunding Bonds were issued September 1, 2001 for the purpose of refinancing notes originally issued in 1997 to finance the construction of a governmental complex building. The bonds mature in increments each December 1<sup>st</sup> with final bonds maturing December 1, 2016.

The Building Improvement Bonds were issued December 15, 2001 for the purpose of relocating the Township Public Works Department. The Fire Department Bonds were issued December 15, 2001 for the purpose of building and rehabbing Township fire stations. The Park Bonds were issued December 1, 2001 for the purpose of improving East Miami River Road Park. All of these bonds mature in \$5,000 increments each December 1<sup>st</sup> with final bonds maturing December 1, 2021.

**COLERAIN TOWNSHIP  
HAMILTON 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:

Year ending December 31:	<u>Lease</u>	Building Improvement Refunding <u>Bonds</u>	Building Improvement <u>Bonds</u>	Fire Department <u>Bonds</u>	<u>Park Bonds</u>
2002	\$81,507	\$97,700	\$221,821	\$237,345	\$304,057
2003		111,325	223,750	249,902	317,200
2004		109,440	221,250	252,152	318,700
Subsequent	_____	<u>1,330,800</u>	<u>3,757,035</u>	<u>4,248,837</u>	<u>5,386,785</u>
Total	<u>\$81,507</u>	<u>\$1,649,265</u>	<u>\$4,423,856</u>	<u>\$4,988,236</u>	<u>\$6,326,742</u>

**6. RETIREMENT SYSTEMS**

The Township's law enforcement officers belong to the Public Employees Retirement System - Law Enforcement (PERS-LE). The Township's full-time fire employees belong to the Police and Firement's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS-LE, PFDPE, and PERS are 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. PERS members contributed 8.5% of their gross salaries and PERS-LE members contributed 9% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000 and for 2001. PERS temporarily reduced the employer contribution rate to 8.13%, July 1, 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 Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty insurance 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 occurrence. Claims exceeding \$250,000 are reinsured with APEEP 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, which the General Reinsurance Corporation will reinsure.

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.

**COLERAIN TOWNSHIP  
HAMILTON COUNTY**

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

**7. RISK MANAGEMENT (Continued)**

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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

Financial Position

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

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>
<u>Property Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

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**COLERAIN TOWNSHIP  
HAMILTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

Federal Grantor Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Direct Grants</i>			
COPS Hiring Grant	N/A	16.710	\$43,947
Universal Hiring Program Grant	N/A	16.710	46,856
<b>Total U.S. Department of Justice</b>			<b>90,803</b>
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>			
<i>Pass through Ohio Department of Public Safety</i>			
Hazard Mitigation Grant Program	N/A	83.548	883,491
Total Federal Emergency Management Agency			883,491
<b>Total Federal Awards Expenditures</b>			<b>\$974,294</b>

*The accompanying notes to this schedule are an integral part of this schedule.*

**COLERAIN TOWNSHIP  
HAMILTON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Township's federal award programs. The Schedule has been prepared on the cash basis of accounting.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Colerain Township  
Hamilton County  
4200 Springdale Road  
Cincinnati, Ohio 45251

To the Board of Trustees:

We have audited the accompanying financial statements of Colerain Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 14, 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 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 is 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 date August 14, 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. 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 Example Entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2001-40431-001.

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.

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

This report is intended solely for the information and use of management, the Board of Trustees, federal awarding agencies and pass-through entities 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 stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

August 14, 2002,



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Colerain Township  
Hamilton County  
4200 Springdale Road  
Cincinnati, Ohio 45251

To the Board of Trustees:

**Compliance**

We have audited the compliance of Colerain Township, Hamilton County, Ohio (the Township), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001. Colerain Township's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Colerain Township's management. Our responsibility is to express an opinion on Colerain Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about Colerain Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Colerain Township's compliance with those requirements.

In our opinion, Colerain Township complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001.

**Internal Control Over Compliance**

The management of Colerain Township is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Colerain Township's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Colerain Township  
Hamilton County  
Report on Compliance With Requirements Applicable to  
Each Major Federal Program and Internal Control Over  
Compliance in Accordance With OMB Circular A-133  
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the Board of Trustees, federal awarding agencies and pass-through entities, 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", written in a cursive style.

**Jim Petro**  
Auditor of State

August 14, 2002,

**COLERAIN TOWNSHIP  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Hazard Mitigation Program Grant (83.548)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

**FINDING NUMBER 2000-40431-001**

**Reportable Condition**

At December 31, 2001, the Township's bank balance was not reconciled to the book balance. The difference of \$13,716.49 was an overage in the bank that could not be determined. This variance includes an immaterial carry over from the prior audit that was posted to the summary of unadjusted difference.

Although monthly reconciliations are being performed, errors in the reconciliations varied from month to month and documentation for the reconciling items was not complete. Also, the reconciliations are not reviewed for accuracy and completeness. These conditions could result in errors and other irregularities in the financial statements which may not be detected in a timely manner.

We recommend the Clerk reconcile the bank balance to the books monthly and document all reconciling items and errors. Also, the reconciliations should be approved by the Board of Trustees in the monthly meetings and documented in the minutes.

COLERAIN TOWNSHIP  
HAMILTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-40431-001	Cash not reconciled monthly and reconciling items documented.	No	Partially corrected. Clerk reconciles monthly, but does not document reconciling items. We reported this finding in the compliance letter as finding # 2000-40431-002.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**COLERAIN 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 5, 2002**