



Mary Taylor, CPA
Auditor of State

**COLUMBIA TOWNSHIP
HAMILTON COUNTY**

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Mary Taylor, CPA

Auditor of State

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 the governmental activities, each major fund, and the aggregate remaining fund information of Columbia Township, Hamilton County, Ohio (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents.. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 processes its financial transactions with 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 § 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 our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Columbia Township, Hamilton County, Ohio, as of December 31, 2005, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, the Police District Fund, the Garbage and Waste Disposal Fund, and the Road District Fund thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Government Auditing Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2007, 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 grant agreements, and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, consisting primarily of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 22, 2007

Columbia Township
Hamilton County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

This discussion and analysis of the financial performance of Columbia Township, Hamilton County, Ohio (the Township), provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations imposed by the use of cash basis accounting. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Township's financial activities and performance.

Highlights for 2005

Key highlights for 2005 are as follows:

- Net assets of governmental funds increased by \$520,891 or 16%, a significant change from 2004. The fund most affected by the increase in net assets was the General Fund. The General Fund received significant inheritance taxes of \$471,782 in 2005, as compared to \$18,397 received in 2004. The General Fund also realized a \$90,210 or 201% increase in earnings on investments, from \$44,797 in 2004 to \$135,007 in 2005.
- The Township's most significant sources of receipts include property taxes, state and local levied taxes, and grant revenues. The Township's most significant expenditures are made for police and fire protection, garbage and waste disposal, and for maintenance of Township roads and streets.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, "*Basic Financial Statements – and Management's and Discussion and Analysis - for State and Local Governments*", as applicable to the cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained within the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most significant activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund level financial statements and provide explanations and details regarding the information reported in the financial statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Columbia Township
Hamilton County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township performed financially during 2005, within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances of the governmental activities of the Township as of December 31, 2005. The statement of activities compares cash disbursements with program receipts for each governmental program for the year ended December 31, 2005. Program receipts include grants and contributions which are restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the related changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as a way to measure the Township's financial health. Over time, an increase or decrease in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors such as the Township's property tax base, the condition of the Township's capital assets, the amount of the Township's debt obligations, and anticipated changes in the major sources of revenues.

In the statement of net assets and on the statement of activities, all of the Township's activities are classified as governmental in nature. All Township services are reported on the statements, including police and fire, streets and parks. Property and other local and state taxes and grant revenues finance these activities.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds (not about the Township as a whole). The Township has established separate funds to better manage its many activities and, in accordance with Ohio budgetary law, to demonstrate that money that is restricted as to how it may be used is being spent for the intended purposes. Funds can be classified into three separate categories: governmental, proprietary and fiduciary. All of the Township's funds are reported as governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the following: General Fund, Police District Fund, Garbage and Waste Disposal Fund, and the Road District Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity wide financial statements.

The Township as a Whole

Table 1 provides a summary of the Township's net assets as of December 31, 2005, compared to December 31, 2004:

Columbia Township
Hamilton County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

(Table 1)

Net Assets

| | Governmental Activities | |
|---|-------------------------|--------------------|
| | 2005 | 2004 |
| Assets | | |
| Equity in Pooled Cash & Cash Equivalents | \$3,823,541 | \$3,302,651 |
| Total Assets | \$3,823,541 | \$3,302,651 |
| Net Assets | | |
| Restricted for: | | |
| Debt Service | \$634 | \$0 |
| Other Purposes | 1,985,538 | 1,722,649 |
| Unrestricted | 1,837,369 | 1,580,002 |
| Total Net Assets | \$3,823,541 | \$3,302,651 |

As mentioned previously, net assets of governmental activities increased by \$520,891 or 16% during 2005. The General Fund realized significant increases in estate taxes and interest revenues.

Table 1 above reflects the changes in net assets for the year 2005, using the cash basis of accounting. Because the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when information is available, a comparative analysis will be presented.

Columbia Township
Hamilton County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

(Table 2)
Changes in Net Assets

| | Governmental Activities |
|--|----------------------------|
| | 2005 |
| Receipts: | |
| Program Receipts: | |
| Operating Grants and Contribution | \$90,684 |
| Capital Grants and Contributions | 207,220 |
| Total Program Receipts | 297,904 |
| General Receipts: | |
| Property and Other Local Taxes | 2,206,084 |
| Grants and Entitlements Not Restricted to Specific Programs | 597,421 |
| Interest | 141,948 |
| Miscellaneous | 228,398 |
| Sale of Fixed Assets | 22,001 |
| Total General Receipts | 3,195,852 |
| Total Receipts | 3,493,756 |
| Disbursements: | |
| General Government | 409,669 |
| Public Safety | 1,345,460 |
| Public Works | 908,358 |
| Health | 7,007 |
| Capital Outlay | 207,302 |
| Debt Service | 95,069 |
| Total Disbursements | 2,972,865 |
| Increase (Decrease) in Net Assets | 520,891 |
| Net Assets, January 1, 2005 | 3,302,651 |
| Net Assets, December 31, 2005 | \$3,823,542 |

Program receipts represent approximately 9% of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, and from grants restricted for certain capital improvements.

General receipts represent approximately 92% of the Township's total receipts, and of this amount, approximately 70% are local taxes. Other sources of general receipts include unrestricted grants and entitlements, interest revenue, and miscellaneous revenues.

Disbursements classified as general government represent the administrative costs of running the Township and the support services provided for the other Township activities. These include the general costs of administration, including salaries and wages. Disbursements classified as public safety are the costs of police and fire protection. Disbursements classified as public works include the costs of maintenance of streets and roads.

Columbia Township
Hamilton County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Governmental Activities

In examining the statement of activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and public works, which account for 45% and 31% of all governmental disbursements, respectively. General government also represents a significant cost, about 13%. The next two columns of the statement are entitled program receipts, all of which are grants received by the Township that must be used to provide a specific service. The net receipt (disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost of services is presented in Table 3:

(Table 3)

| | Total Cost of Services 2005 | Net Cost of Services 2005 |
|--------------------|-----------------------------------|---------------------------------|
| General Government | \$409,669 | (\$409,669) |
| Public Safety | 1,345,460 | (1,345,460) |
| Public Works | 908,358 | (610,454) |
| Health | 7,007 | (7,007) |
| Capital Outlay | 207,302 | (207,302) |
| Debt Service | 95,069 | (95,069) |
| Total Expenses | \$2,972,865 | (\$2,674,961) |

The dependence upon property and other taxes is apparent as over 90% of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$3,494,646 (excluding transfers-in) and disbursements of \$2,973,756 (excluding transfers-out).

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. This fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose, provided that it is expended or transferred according to the general laws of Ohio.

During 2005, the Township amended its General Fund budgeted appropriations to reflect changing circumstances. Final actual receipts were significantly more than final budgeted receipts due to a distribution of inheritance taxes and due to proceeds from the sale of a Township truck.

Final disbursements (excluding transfers-out) were budgeted at \$482,412 while actual disbursements (excluding transfers-out) were \$415,337.

Columbia Township
Hamilton County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Capital Assets and Debt Administration

Capital Assets

The Township maintains detailed records of all of its capital assets. The Township does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

As of December 31, 2005, the Township's outstanding debt included \$280,000 in general obligation bonds issued for improvements to the Township administration building and garage. For further information regarding the Township's debt, refer to Note 11 to the financial statements.

Current Issues

The challenge for all local governments is to provide quality services to the public while staying within the restrictions imposed by limited and sometimes declining funding. The Township's administration has consistently controlled and monitored expenditures so that they are in line with revenues. The result is a continued strong net asset figure at the end of 2005. The Township's management and Board of Trustees are conducting extensive planning, researching various economic development incentives, and pursuing capital improvement projects to sustain and improve the Township's future viability.

Contacting the Township

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information may be directed to Mr. George Leet, Fiscal Officer, or to Mr. Michael Lemon, Township Administrator, Columbia Township, 5686 Kenwood Road, Cincinnati, Ohio, 45227.

Columbia Township
Hamilton County
Statement of Net Assets - Cash Basis
December 31, 2005

| | Governmental Activities |
|--|----------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$3,823,541 |
| <i>Total Assets</i> | \$3,823,541 |
| Net Assets | |
| Restricted for: | |
| Debt Service | \$634 |
| Other Purposes | 1,985,538 |
| Unrestricted | 1,837,369 |
| <i>Total Net Assets</i> | \$3,823,541 |

See accompanying notes to the basic financial statements.

Columbia Township
Hamilton County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

| | Program Cash Receipts | | | Net (Disbursements) Receipts & Changes in Net Assets | |
|--------------------------------------|-----------------------|--|--------------------------------------|---|----------------------|
| | Cash Disbursements | Operating Grants & Contributions | Capital Grants & Contributions | Governmental Activities | Total |
| Governmental Activities | | | | | |
| General Government | \$409,669 | \$0 | \$0 | (\$409,669) | (\$409,669) |
| Public Safety | 1,345,460 | 0 | 0 | (1,345,460) | (1,345,460) |
| Public Works | 908,358 | 90,684 | 207,220 | (610,454) | (610,454) |
| Health | 7,007 | 0 | 0 | (7,007) | (7,007) |
| Capital Outlay | 207,302 | 0 | 0 | (207,302) | (207,302) |
| Debt Service | 95,069 | 0 | 0 | (95,069) | (95,069) |
| <i>Total Governmental Activities</i> | <u>\$2,972,865</u> | <u>\$90,684</u> | <u>\$207,220</u> | <u>(\$2,674,961)</u> | <u>(\$2,674,961)</u> |

General Receipts

| | |
|---|-------------------------------|
| Property Taxes Levied for General Purposes | \$2,189,495 |
| Other Local Taxes | 16,589 |
| Grants and Entitlements not Restricted to Specific Programs | 597,421 |
| Interest | 141,948 |
| Miscellaneous | 228,398 |
| Sale of Fixed Assets | 22,001 |
| <i>Total General Receipts</i> | <u>3,195,852</u> |
| Change in Net Assets | 520,891 |
| <i>Net Assets Beginning of Year</i> | <u>3,302,651</u> |
| <i>Net Assets End of Year</i> | <u><u>\$3,823,542</u></u> |

See accompanying notes to the basic financial statements.

Columbia Township
Hamilton County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

| | General | Police District Fund | Garbage & Waste Disposal Fund | Road District Fund | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|----------------------------|-------------------------------------|--------------------------|--------------------------------|--------------------------------|
| Assets | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,837,369 | \$268,087 | \$525,103 | \$479,340 | \$713,642 | \$3,823,541 |
| <i>Total Assets</i> | <u>\$1,837,369</u> | <u>\$268,087</u> | <u>\$525,103</u> | <u>\$479,340</u> | <u>\$713,642</u> | <u>\$3,823,541</u> |
| Fund Balances | | | | | | |
| Reserved: | | | | | | |
| Reserved for Encumbrances | \$26,627 | \$4,614 | \$17,228 | \$1,748 | \$88,618 | \$138,835 |
| Unreserved: | | | | | | |
| Undesignated (Deficit), Reported in: | | | | | | |
| General Fund | 1,810,742 | | | | | 1,810,742 |
| Special Revenue Funds | | 263,473 | 507,875 | 477,592 | 671,297 | 1,920,237 |
| Debt Service Fund | | | | | 634 | 634 |
| Capital Projects Funds | | | | | (46,907) | (46,907) |
| <i>Total Fund Balances</i> | <u>\$1,837,369</u> | <u>\$268,087</u> | <u>\$525,103</u> | <u>\$479,340</u> | <u>\$713,642</u> | <u>\$3,823,541</u> |

See accompanying notes to the basic financial statements.

**Columbia Township
Hamilton County**

*Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
For the Year Ended December 31, 2005*

| | General | Police District Fund | Garbage & Waste Disposal Fund | Road District Fund | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|----------------------------|-------------------------------------|--------------------------|--------------------------------|--------------------------------|
| Receipts | | | | | | |
| Property and Other Local Taxes | \$65,425 | \$672,015 | 394,877 | 262,662 | 604,723 | \$1,999,702 |
| Fines and Forfeitures | 4,739 | | | | | 4,739 |
| Intergovernmental | 580,548 | 69,742 | 42,638 | 30,668 | 383,323 | 1,106,919 |
| Interest | 135,007 | | | | 6,941 | 141,948 |
| Other | 55,164 | 17,682 | 11,730 | 4,349 | 130,412 | 219,337 |
| <i>Total Receipts</i> | <u>840,883</u> | <u>759,439</u> | <u>449,245</u> | <u>297,679</u> | <u>1,125,399</u> | <u>3,472,645</u> |
| Disbursements | | | | | | |
| Current: | | | | | | |
| General Government | 408,250 | | | | 1,420 | 409,670 |
| Public Safety | | 668,019 | | | 677,442 | 1,345,461 |
| Public Works | | | 439,125 | 147,275 | 322,849 | 909,249 |
| Health | 7,007 | | | | | 7,007 |
| Capital Outlay | 80 | | | | 207,220 | 207,300 |
| Debt Service: | | | | | | |
| Principal Retirement | | | | | 85,000 | 85,000 |
| Interest and Fiscal Charges | | | | | 10,069 | 10,069 |
| <i>Total Disbursements</i> | <u>415,337</u> | <u>668,019</u> | <u>439,125</u> | <u>147,275</u> | <u>1,304,000</u> | <u>2,973,756</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>425,546</u> | <u>91,420</u> | <u>10,120</u> | <u>150,404</u> | <u>(178,601)</u> | <u>498,889</u> |
| Other Financing Sources (Uses) | | | | | | |
| Sale of Capital Assets | 22,001 | | | | | 22,001 |
| Transfers In | | | | | 190,180 | 190,180 |
| Transfers Out | (190,180) | | | | | (190,180) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(168,179)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>190,180</u> | <u>22,001</u> |
| <i>Net Change in Fund Balances</i> | 257,367 | 91,420 | 10,120 | 150,404 | 11,579 | 520,890 |
| <i>Fund Balances Beginning of Year</i> | <u>1,580,002</u> | <u>176,667</u> | <u>514,983</u> | <u>328,936</u> | <u>702,063</u> | <u>3,302,651</u> |
| <i>Fund Balances End of Year</i> | <u>\$1,837,369</u> | <u>\$268,087</u> | <u>\$525,103</u> | <u>\$479,340</u> | <u>\$713,642</u> | <u>\$3,823,541</u> |

See accompanying notes to the basic financial statements.

Columbia Township
Hamilton County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with |
|--|--------------------|--------------------|--------------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| Receipts | | | | |
| Property and Other Local Taxes | \$45,464 | \$45,464 | \$65,425 | \$19,961 |
| Fines and Forfeitures | 400 | 400 | 4,739 | 4,339 |
| Intergovernmental | 118,591 | 118,591 | 580,548 | 461,957 |
| Interest | 45,000 | 45,000 | 135,007 | 90,007 |
| Other | 60,000 | 60,000 | 55,164 | (4,836) |
| <i>Total receipts</i> | <u>269,455</u> | <u>269,455</u> | <u>840,883</u> | <u>571,428</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 420,412 | 470,412 | 434,877 | 35,535 |
| Health | 10,000 | 10,000 | 7,007 | 2,993 |
| Capital Outlay | 2,000 | 2,000 | 80 | 1,920 |
| <i>Total Disbursements</i> | <u>432,412</u> | <u>482,412</u> | <u>441,964</u> | <u>40,448</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(162,957)</u> | <u>(212,957)</u> | <u>398,919</u> | <u>611,876</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Capital Assets | | | 22,001 | 22,001 |
| Transfers Out | (325,200) | (325,200) | (190,180) | 135,020 |
| <i>Total Other Financing Sources (Uses)</i> | <u>(325,200)</u> | <u>(325,200)</u> | <u>(168,179)</u> | <u>157,021</u> |
| <i>Net Change in Fund Balance</i> | (488,157) | (538,157) | 230,740 | 768,897 |
| <i>Fund Balance Beginning of Year</i> | <u>1,580,002</u> | <u>1,580,002</u> | <u>1,580,002</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$1,091,845</u> | <u>\$1,041,845</u> | <u>\$1,810,742</u> | <u>\$768,897</u> |

See accompanying notes to the basic financial statements.

Columbia Township
Hamilton County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police District Fund
For the Year Ended December 31, 2005

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|--|-------------------------|-------------------------|-------------------------|--|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive (Negative) |
| Receipts | | | | |
| Property and Other Local Taxes | \$635,708 | \$635,708 | \$672,015 | \$36,307 |
| Intergovernmental | 75,952 | 75,952 | 69,742 | (6,210) |
| Other | 22,000 | 22,000 | 17,682 | (4,318) |
| <i>Total receipts</i> | <u>733,660</u> | <u>733,660</u> | <u>759,439</u> | <u>25,779</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Safety | 622,800 | 667,800 | 672,633 | (4,833) |
| <i>Total Disbursements</i> | <u>622,800</u> | <u>667,800</u> | <u>672,633</u> | <u>(4,833)</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>110,860</u> | <u>65,860</u> | <u>86,806</u> | <u>20,946</u> |
| <i>Net Change in Fund Balance</i> | 110,860 | 65,860 | 86,806 | 20,946 |
| <i>Fund Balance Beginning of Year</i> | <u>176,667</u> | <u>176,667</u> | <u>176,667</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$287,527</u></u> | <u><u>\$242,527</u></u> | <u><u>\$263,473</u></u> | <u><u>\$20,946</u></u> |

See accompanying notes to the basic financial statements.

**Columbia Township
Hamilton County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Garbage & Waste Disposal Fund
For the Year Ended December 31, 2005*

| | Budgeted Amounts | | Actual | Variance with |
|--|-------------------------|-------------------------|-------------------------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| Receipts | | | | |
| Property and Other Local Taxes | \$373,841 | \$373,841 | \$394,877 | \$21,036 |
| Intergovernmental | 45,932 | 45,932 | 42,638 | (3,294) |
| Other | 15,450 | 15,450 | 11,730 | (3,720) |
| <i>Total receipts</i> | <u>435,223</u> | <u>435,223</u> | <u>449,245</u> | <u>14,022</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | 464,646 | 476,646 | 456,353 | 20,293 |
| <i>Total Disbursements</i> | <u>464,646</u> | <u>476,646</u> | <u>456,353</u> | <u>20,293</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(29,423)</u> | <u>(41,423)</u> | <u>(7,108)</u> | <u>34,315</u> |
| <i>Net Change in Fund Balance</i> | (29,423) | (41,423) | (7,108) | 34,315 |
| <i>Fund Balance Beginning of Year</i> | <u>514,983</u> | <u>514,983</u> | <u>514,983</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$485,560</u></u> | <u><u>\$473,560</u></u> | <u><u>\$507,875</u></u> | <u><u>\$34,315</u></u> |

See accompanying notes to the basic financial statements.

**Columbia Township
Hamilton County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road District Fund
For the Year Ended December 31, 2005*

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|------------------|------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Receipts | | | | |
| Property and Other Local Taxes | \$247,965 | \$247,965 | \$262,662 | \$14,697 |
| Intergovernmental | 29,017 | 29,017 | 30,668 | 1,651 |
| Other | 8,000 | 8,000 | 4,349 | (3,651) |
| <i>Total receipts</i> | <u>284,982</u> | <u>284,982</u> | <u>297,679</u> | <u>12,697</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | 196,802 | 201,802 | 149,023 | 52,779 |
| <i>Total Disbursements</i> | <u>196,802</u> | <u>201,802</u> | <u>149,023</u> | <u>52,779</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>88,180</u> | <u>83,180</u> | <u>148,656</u> | <u>65,476</u> |
| <i>Net Change in Fund Balance</i> | 88,180 | 83,180 | 148,656 | 65,476 |
| <i>Fund Balance Beginning of Year</i> | <u>328,936</u> | <u>328,936</u> | <u>328,936</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$417,116</u> | <u>\$412,116</u> | <u>\$477,592</u> | <u>\$65,476</u> |

See accompanying notes to the basic financial statements.

Columbia Township
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 1 – Reporting Entity

Columbia Township, Hamilton County, Ohio (the Township), is a body politic and corporate 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 also has an elected Fiscal Officer.

The Township provides for general government services, maintenance of Township roads and bridges, and for fire protection and emergency medical services. The Township contracts with the Little Miami Joint Fire & Rescue District, Madison Place Fire District, Ridge Fire District, Silverton Fire District, and Kenwood Fire District for emergency medical and fire protection services. The Township contracts with the Hamilton County Sheriff's Department for police protection.

The primary government consists of all departments, boards, and agencies that are not legally separate from the Township.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its governmental activities. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities. Also presented are fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no business-type activities.

Columbia Township
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. Funds may be categorized as governmental, proprietary, or fiduciary. The funds of the Township are all considered governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Governmental funds focus on the sources, uses, and balances of current financial resources.

The Township's major governmental funds are:

General Fund - This fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose, provided that it is expended or transferred according to the general laws of Ohio.

Police District Fund – This fund receives the proceeds of two separate property tax levies which are used to pay for police protection services, including equipment, dispatch services, and other police-related costs.

Garbage & Waste Disposal Fund – This fund receives the proceeds of a property tax levy which are used to pay for garbage and waste collection services, including equipment and other related costs.

Road District Fund – This fund receives the proceeds of a property tax levy and certain intergovernmental receipts which are used to pay for the engineering, labor, and materials costs for maintaining Township roads.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of utilizing the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, function, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Deposits

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. The total of interest receipts credited to the General Fund during 2005 was \$135,007.

F. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Note 2 – Summary of Significant Accounting Policies (Continued)

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Interfund Receivables and Payables

The Township reports advances-in and advances-out for interfund loans. During 2005, no advance transactions occurred.

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Note 9 and Note 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Township's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. During 2005, the Township did not issue any debt.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for debt service and for state grants reported in special revenue funds.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Columbia Township
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the modified cash basis of accounting as described in Note 2C. For 2005, the Township has implemented GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

For 2005, the Township has also implemented the provisions of GASB Statement No. 40, "Deposit and Investments Risk Disclosures".

Note 4 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded the appropriation authority in the following funds by the following amounts for the year ended December 31, 2005: Little Miami Fire District Fund, (\$131,737); Road & Bridge Fund, (\$64,895); Ridge Fire District Fund, (\$3,177); Kenwood Fire District Fund, (\$370); Silverton Fire District Fund, (\$276); and Madison Place Fire District Fund, (\$331).

Also, contrary to Ohio law, appropriations exceeded total estimated resources in the Ohio Public Works Commission Fund by (\$221,802) for the year ended December 31, 2005.

Note 5 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and for the major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$26,627 for the General Fund, \$4,614 for the Police District Fund, \$17,228 for the Garbage & Waste Disposal Fund, \$1,748 for the Road District Fund, and \$88,618 for other governmental funds.

Note 6 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Columbia Township
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 6 – Deposits and Investments (Continued)

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, none of the Township's bank balance of \$3,943,322 was exposed to custodial credit risk because all deposits were either covered by insurance from the Federal Deposit Insurance Corporation or by collateral held by an agent in the Township's name.

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Columbia Township
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 7 – Property Taxes (Continued)

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The total assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts was \$3,674,864.

Note 8 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

| <u>Company</u> | <u>Type of Coverage</u> | <u>Amount of Coverage</u> |
|------------------------|----------------------------|----------------------------|
| Arch Insurance Company | Commercial Property | \$500,000 - \$1,000,000 |
| | General Liability | \$1,000,000 per occurrence |
| | Commercial Crime | \$5,000 - \$100,000 |
| | Vehicle | \$1,000,000 per accident |
| | Public Officials Liability | \$1,000,000 |
| | Law Enforcement Liability | \$1,000,000 |
| | Commercial Umbrella | \$5,000,000 |

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System (the System) a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Note 9 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

Columbia Township
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 9 – Defined Benefit Pension Plan (Continued)

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to all plans for the years ended December 31, 2005, 2004, and 2003 were \$24,168, \$22,960, and \$21,812 respectively. The full amount has been contributed for 2005, 2004 and 2003.

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

Columbia Township
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 10 - Postemployment Benefits (Continued)

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

Note 11 – Bonds Payable

The Township's long-term debt activity for the year ended December 31, 2005, was as follows:

| | Interest Rate | Balance 12/31/04 | Additions | Reductions | Balance 12/31/05 | Due Within One Year |
|--|------------------|---------------------|-----------|------------|---------------------|------------------------|
| <u>Governmental Activities</u> | | | | | | |
| General Obligation Township Building Improvement Bonds (issued in 2003, original principal of \$450,000) | 2.94% | \$365,000 | 0 | \$85,000 | \$280,000 | \$90,000 |
| Total | | \$365,000 | \$0 | \$85,000 | \$280,000 | \$90,000 |

The general obligation bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The following is a summary of the Township's future annual debt service requirements:

| Year | General Obligation Township Building Improvement Bonds | |
|--------|--|----------|
| | Principal | Interest |
| 2006 | \$90,000 | \$7,570 |
| 2007 | 95,000 | 4,851 |
| 2008 | 95,000 | 2,132 |
| Totals | \$280,000 | \$14,553 |

Columbia Township
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 12 – Interfund Transfers

During 2005 the following transfers were made:

| | |
|---------------------------------------|------------------|
| Transfers from the General Fund to: | |
| Other Governmental Funds | \$190,180 |
| Total Transfers from the General Fund | <u>\$190,180</u> |

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 13 – Subsequent Event

In accordance with the provisions of the Ohio Community Reinvestment Act (the Act) and Ohio Revised Code Section 3735.65, in 2005 the Township established a Community Reinvestment Area (CRA). Ohio's CRA program was created to promote the revitalization of areas where investment has been discouraged by offering property tax exemptions for any increased property valuations that would result from renovation of existing structures or new construction activities within a designated area. CRA agreements often contain provisions which allow for the compensation of area school districts for property tax revenues that would have been received had the designated properties not been exempt from taxation.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Columbia Township
Hamilton County
5686 Kenwood Road
Cincinnati, Ohio 45227

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Columbia Township, Hamilton County, Ohio (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated January 22, 2007. We noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates the 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 to express our opinions on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2005-001 and 2005-002.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. In a separate letter to management dated January 22, 2007, we reported other matters involving the internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an opinion. The results of our tests disclosed instances of noncompliance we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2005-001 and 2005-002. In a separate letter to the Township's management dated January 22, 2007 we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 22, 2007

**COLUMBIA TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005**

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

FINDING NUMBER 2005-001

Noncompliance Citation/Reportable Condition

Ohio Rev. Code, Section 5705.39, provides in part that total appropriations from each fund shall not exceed the total estimated resources available for expenditures. In 2005, the following variance on the following date was identified where appropriations exceeded the total estimated resources available for expenditures:

| Fund Name | Date | Total Estimated Resources | Total Appropriations | Variance |
|-----------------------------------|-------------|----------------------------------|-----------------------------|-----------------|
| Ohio Public Works Commission Fund | 1/31/2005 | \$0 | \$221,802 | (\$221,802) |

When appropriations exceed the total estimated resources available for expenditures, the potential for overspending increases.

We recommend that the Township review estimated resources prior to approving or amending appropriations. If estimated resources are not sufficient to support planned appropriations, the Township should modify appropriations or request an amended certificate (if new revenue sources are identified).

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2005-002

Noncompliance Citation/Reportable Condition

Ohio Rev. Code, Section 5705.41(B), provides that no subdivision or taxing unit is to expend money unless it has been appropriated. In 2005, the following variances on the following dates were identified where total expenditures and outstanding encumbrances exceeded total appropriations:

| Fund Name | Date | Total Appropriations | Total Expenditures & Outstanding Encumbrances | Variance |
|----------------------------------|-------------|-----------------------------|--|-----------------|
| Road & Bridge Fund | 11/30/2005 | \$98,395 | \$103,672 | (\$5,277) |
| Little Miami Fire District Fund | 12/31/2005 | 129,000 | 260,737 | (131,737) |
| Road & Bridge Fund | 12/31/2005 | 100,189 | 165,084 | (64,895) |
| Ridge Fire District Fund | 12/31/2005 | 266,000 | 269,177 | (3,177) |
| Kenwood Fire District Fund | 12/31/2005 | 34,080 | 34,450 | (370) |
| Silverton Fire District Fund | 12/31/2005 | 19,200 | 19,476 | (276) |
| Madison Place Fire District Fund | 12/31/2005 | 93,920 | 94,251 | (331) |

The Township uses certain reports generated by the accounting system to help monitor budgetary compliance. For three of the funds identified above, the variances identified above may have occurred in part because appropriations posted to the accounting system were overstated by the following amounts when compared to the appropriation amounts actually approved by the Board of Trustees in the minutes:

| Fund Name | Date | Total Appropriations Per the Minutes Records | Total Appropriations per the Accounting System | Variance |
|---------------------------------|-------------------------|---|---|-----------------|
| Road & Bridge Fund | 12/31/2005 & 11/30/2005 | \$98,395 | \$119,895 | \$21,500 |
| Little Miami Fire District Fund | 12/31/2005 | 129,000 | 250,011 | 121,011 |
| Silverton Fire District Fund | 12/31/2005 | 19,200 | 19,500 | 300 |

We recommend that the Township consistently deny any payment request which would result in a fund's expenditures exceeding appropriations. Where necessary, the Township may request the Board of Trustees to approve increased expenditure levels by amending appropriations. We also recommend that the Township periodically review appropriations posted to the accounting system, to ensure that the amounts are accurate and match the amounts actually approved by the Board of Trustees in the minutes, and also to determine whether modifications to appropriations are necessary.

Officials' Response:

We did not receive a response from Officials to this finding.

**COLUMBIA TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|--|------------------|--|
| 2003-001 | ORC 5705.39, total appropriations exceeded total estimated revenues for certain funds. | No. | Not Corrected. Reissued as finding 2005-001. |
| 2003-002 | ORC 5705.09, a debt service fund was not established. | Yes. | |



Mary Taylor, CPA
Auditor of State

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
FEBRUARY 15, 2007**