

# **Colerain Township, Ohio**

Basic Financial Statements

Year Ended December 31, 2006

(with Independent Auditors' Report)





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Colerain Township  
4200 Springdale Road  
Colerain Township, Ohio 45251

We have reviewed the *Independent Auditors' Report* of Colerain Township, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Colerain Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 14, 2009

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Colerain Township, Ohio:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colerain Township, Hamilton County, Ohio (the Township) as of and for the year ended December 31, 2006, 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 *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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis 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 modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Colerain Township, Hamilton County, Ohio, as of December 31, 2006, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Police District, Fire District and the Ambulance/EMS Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2009, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Clark, Schaefer, Hachett & Co.*

Cincinnati, Ohio  
July 1, 2009



Colerain Township of Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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This discussion and analysis of Colerain Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

### **Highlights**

Key highlights for 2006 are as follows:

Net assets of governmental activities decreased \$154,540 or 0.69% percent, an insignificant change from the prior year.

The Township's general receipts are primarily property taxes. These receipts represent 59.5% percent of the total cash received for governmental activities during the year.

### **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, as applicable to the Township's modified 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 on 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 activity in separate columns.

The notes to the financial statements are an integral part of the Township-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Colerain Township of Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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### **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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified cash basis of accounting.

### **Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2006, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions 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 changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases 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 nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, we define Governmental activities as:

The Township's basic services including police, fire, streets and parks. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Colerain Township of Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

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 General Fund, Police District Fund, Fire District Fund and Ambulance EMS Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2006 and 2005 on a modified cash basis.

	<u>2006</u>	<u>2005</u>
	<u>Governmental</u>	<u>Governmental</u>
	<u>Activities</u>	<u>Activities</u>
<b>Assets</b>		
Cash and Investments	\$ 22,217,098	\$ 22,371,638
<i>Total Assets</i>	<u>22,217,098</u>	<u>22,371,638</u>
<b>Net Assets</b>		
Restricted for:		
Capital Projects	-	105,344
Debt Service	44,766	39,413
Police	268,701	439,922
Fire	8,113,452	7,747,472
Ambulance/EMS	1,576,800	803,041
Other Purposes	1,333,026	1,047,649
Unrestricted	<u>10,880,353</u>	<u>12,188,797</u>
<i>Total Net Assets</i>	<u>\$ 22,217,098</u>	<u>\$ 22,371,638</u>

As mentioned previously, net assets of governmental activities decreased \$154,540 or 0.69% percent during 2006.

Colerain Township of Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

Table 2 reflects the changes in net assets in 2006 compared to 2005.

	Governmental Activities 2006	Governmental Activities 2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$1,084,701	\$1,182,617
Operating Grants and Contributions	677,151	1,115,804
Capital Grants and Contributions	997,749	-
Total Program Receipts	<u>2,759,601</u>	<u>2,298,421</u>
General Receipts:		
Property and Other Local Taxes	13,956,112	14,901,252
Grants and Entitlements Not Restricted to Specific Programs	4,076,174	2,607,737
Interest	921,122	662,817
Miscellaneous	1,737,740	1,414,070
Total General Receipts	<u>20,691,148</u>	<u>19,585,876</u>
Total Receipts	<u>23,450,749</u>	<u>21,884,297</u>
Disbursements:		
General Government	1,859,070	1,708,696
Public Safety	13,521,345	12,563,229
Public Works	2,916,292	2,786,582
Health	84,182	66,461
Conservation/Recreation	1,233,830	1,119,477
Capital Outlay	2,779,858	2,496,940
Principal Retirement	729,702	700,830
Interest and Fiscal Charges	481,010	540,628
Total Disbursements	<u>23,605,289</u>	<u>21,982,843</u>
Increase (Decrease) in Net Assets	(154,540)	(98,546)
Net Assets, January 1	<u>22,371,638</u>	<u>22,470,184</u>
Net Assets, December 31	<u>\$ 22,217,098</u>	<u>\$ 22,371,638</u>

Program receipts represent only 12 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, and OPWC grants.

General receipts represent 88 percent of the Township's total receipts, and of this amount, 67% percent are local taxes.

Disbursements for General Township represent the overhead costs of running the Township and the support services provided for the other Township activities.

Colerain Township of Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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Public Safety is the costs of police and fire protection; Conservation/Recreation are the costs of maintaining the parks and playing fields; and Public Works is the cost of maintaining the Township's roads.

**Governmental Activities**

If you look at 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 Public Safety, Public Works and Capital Outlay, which account for 81 percent of all governmental disbursements. General government also represents a significant cost, about 8 percent.

The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and 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 is presented in Table 3.

(Table 3)

	<b>Governmental Activities</b>			
	Total Cost Of Services 2006	Net Cost Of Services 2006	Total Cost Of Services 2005	Net Cost Of Services 2005
	<u>2006</u>	<u>2006</u>	<u>2005</u>	<u>2005</u>
General Government	\$ 1,859,070	\$ 1,859,070	\$ 1,708,696	\$ 1,706,250
Public Works	2,916,292	1,256,541	2,786,582	2,037,247
Public Safety	13,521,345	12,480,316	12,563,229	11,669,824
Public Health Services	84,182	84,182	66,461	66,461
Conservation-Recreation	1,233,830	1,175,009	1,119,477	466,242
Capital Outlay	2,779,858	2,779,858	2,496,940	2,496,940
Principal Retirement	729,702	729,702	700,830	700,830
Interest and Fiscal Charges	481,010	481,010	540,628	540,628
<b>Total Expenses</b>	<b><u>\$ 23,605,289</u></b>	<b><u>\$ 20,845,688</u></b>	<b><u>\$ 21,982,843</u></b>	<b><u>\$ 19,684,422</u></b>

The dependence upon property tax receipts is apparent as over 66 percent of governmental activities are supported through these general receipts.

Colerain Township of Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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**The Township's Funds**

Total governmental funds had receipts of \$23,450,749 and disbursements of \$23,605,289

**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.

During 2006, the Township estimated general fund receipts at \$3,451,300, but actual receipts were \$5,084,890. The low budget amount was due to the uncertainty of the state Local Government Fund's status as well as receiving more estate tax and interest than expected.

Final general fund disbursements were budgeted at \$7,513,290 while actual disbursements were \$6,428,896.

**Debt Administration**

At December 31, 2006, the Township's outstanding debt included \$9,045,000 in general obligation bonds issued for construction buildings and structures. For further information regarding the Township's debt, refer to Note 10 to the basic financial statements.

**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Heather E. Harlow, Fiscal Officer, Colerain Township, 4200 Springdale Road, Colerain Township, OH 45251; (513) 385-7500; [hharlow@coleraintwp.org](mailto:hharlow@coleraintwp.org).

**Colerain Township, Hamilton County**  
*Statement of Net Assets - Modified Cash Basis*  
*December 31, 2006*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Investments	<u>\$22,217,098</u>
<i>Total Assets</i>	<u><u>\$22,217,098</u></u>
<b>Net Assets</b>	
Restricted for:	
Debt Service	44,766
Police	268,701
Fire	8,113,452
Ambulance/EMS	1,576,800
Other Purposes	1,333,026
Unrestricted	<u>10,880,353</u>
<i>Total Net Assets</i>	<u><u>\$22,217,098</u></u>

See accompanying notes to the basic financial statements

**Colerain Township, Hamilton County**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2006*

	Program Cash Receipts			Net Disbursements Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General Government	\$1,859,070				(\$1,859,070)
Public Safety	13,521,345	992,575	48,454		(12,480,316)
Public Works	2,916,292	56,217	605,785	997,749	(1,256,541)
Health	84,182				(84,182)
Conservation-Recreation	1,233,830	35,909	22,912		(1,175,009)
Capital Outlay	2,779,858				(2,779,858)
Debt Service					
Principal	729,702				(729,702)
Interest	481,010				(481,010)
<i>Total Governmental Activities</i>	<u>\$23,605,289</u>	<u>\$1,084,701</u>	<u>\$677,151</u>	<u>997,749</u>	<u>(\$20,845,688)</u>
		<b>General Receipts</b>			
		Property and Other Local Taxes			13,956,112
		Grants/Entitlements not Restricted to Programs			4,076,174
		Interest			921,122
		Miscellaneous			1,737,740
		<i>Total General Receipts</i>			<u>20,691,148</u>
		Change in Net Assets			(154,540)
		<i>Net Assets Beginning of Year</i>			<u>22,371,638</u>
		<i>Net Assets End of Year</i>			<u>\$22,217,098</u>

See accompanying notes to the basic financial statements



**Colerain Township, Hamilton County**  
*Statement of Modified-Cash Basis Assets and Fund Balances*  
 Governmental Funds  
 December 31, 2006

	<u>General</u>	<u>Police District Fund</u>	<u>Fire District Fund</u>	<u>Ambulance EMS Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Cash and Investments	\$10,880,353	\$268,701	\$8,113,452	\$1,576,800	\$1,377,792	\$22,217,098
<i>Total Assets</i>	<u>10,880,353</u>	<u>268,701</u>	<u>8,113,452</u>	<u>1,576,800</u>	<u>1,377,792</u>	<u>22,217,098</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	1,419,921	13,408	337,173	24,063	618,214	2,412,779
Unreserved:						
Undesignated, Reported in:						
General Fund	9,460,432					9,460,432
Special Revenue Funds		255,293	7,776,279	1,552,737	714,812	10,299,121
Debt Service Fund					44,766	44,766
<i>Total Fund Balances</i>	<u>10,880,353</u>	<u>268,701</u>	<u>8,113,452</u>	<u>1,576,800</u>	<u>1,377,792</u>	<u>22,217,098</u>

See accompanying notes to the basic financial statements

**Colerain Township, Hamilton County**  
*Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	General	Police District Fund	Fire District Fund	Ambulance EMS Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$636,289	\$2,849,748	\$8,758,547		\$1,711,528	\$13,956,112
Charges for Services				937,575		937,575
Licenses, Permits and Fees	805,200	1,965	11,300		121,413	939,878
Fines and Forfeitures		71,430			8,797	80,227
Intergovernmental	2,407,694	429,992	1,203,971		1,698,652	5,740,309
Special Assessments					56,217	56,217
Earnings on Investments	915,789				16,094	931,883
Other	319,918	98,654	202,592		187,384	808,548
<i>Total Receipts</i>	<u>5,084,890</u>	<u>3,451,789</u>	<u>10,176,410</u>	<u>937,575</u>	<u>3,800,085</u>	<u>23,450,749</u>
<b>Disbursements</b>						
Current:						
General Government	1,480,357				378,713	1,859,070
Public Safety		3,987,129	9,370,238	152,816	11,162	13,521,345
Public Works	845,666				2,070,626	2,916,292
Health	84,182					84,182
Conservation-Recreation	1,233,830					1,233,830
Capital Outlay	1,364,938	135,881	235,092	11,000	1,032,947	2,779,858
Debt Service:						
Principal Retirement					729,702	729,702
Interest and Fiscal Charges					481,010	481,010
<i>Total Disbursements</i>	<u>5,008,973</u>	<u>4,123,010</u>	<u>9,605,330</u>	<u>163,816</u>	<u>4,704,160</u>	<u>23,605,289</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>75,917</u>	<u>(671,221)</u>	<u>571,080</u>	<u>773,759</u>	<u>(904,075)</u>	<u>(154,540)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In		500,000	45,000		1,194,805	1,739,805
Transfers Out	(1,489,705)		(250,100)			(1,739,805)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,489,705)</u>	<u>500,000</u>	<u>(205,100)</u>	<u>0</u>	<u>1,194,805</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(1,413,788)</u>	<u>(171,221)</u>	<u>365,980</u>	<u>773,759</u>	<u>290,730</u>	<u>(154,540)</u>
<i>Fund Balances Beginning of Year</i>	<u>12,294,141</u>	<u>439,922</u>	<u>7,747,472</u>	<u>803,041</u>	<u>1,087,062</u>	<u>22,371,638</u>
<i>Fund Balances End of Year</i>	<u>\$10,880,353</u>	<u>\$268,701</u>	<u>\$8,113,452</u>	<u>\$1,576,800</u>	<u>\$1,377,792</u>	<u>\$22,217,098</u>

See accompanying notes to the basic financial statements

**Colerain 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, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$515,000	\$515,000	\$636,289	\$121,289
Licenses, Permits and Fees	800,800	800,800	805,200	4,400
Intergovernmental	1,531,000	1,531,000	2,407,694	876,694
Interest	350,000	350,000	915,789	565,789
Other	140,200	140,200	319,918	179,718
<i>Total receipts</i>	<u>3,337,000</u>	<u>3,337,000</u>	<u>5,084,890</u>	<u>1,747,890</u>
<b>Disbursements</b>				
Current:				
General Government	2,014,924	2,014,924	1,557,529	457,395
Public Works	1,488,763	1,488,763	1,488,626	137
Health	117,625	117,625	84,807	32,818
Conservation-Recreation	1,420,686	1,420,686	1,281,643	139,043
Capital Outlay	2,801,292	2,801,292	2,016,291	785,001
<i>Total Disbursements</i>	<u>7,843,290</u>	<u>7,843,290</u>	<u>6,428,896</u>	<u>1,414,394</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,506,290)</u>	<u>(4,506,290)</u>	<u>(1,344,006)</u>	<u>3,162,284</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(1,611,000)	(1,611,000)	(1,489,705)	121,295
Other Financing Uses	(500,000)	(500,000)	0	500,000
<i>Total Other Financing Sources (Uses)</i>	<u>(2,111,000)</u>	<u>(2,111,000)</u>	<u>(1,489,705)</u>	<u>621,295</u>
<i>Net Change in Fund Balance</i>	(6,617,290)	(6,617,290)	(2,833,711)	3,783,579
<i>Fund Balance Beginning of Year</i>	10,675,768	10,675,768	10,675,768	0
Prior Year Encumbrances Appropriated	1,618,375	1,618,375	1,618,375	0
<i>Fund Balance End of Year</i>	<u>\$5,676,853</u>	<u>\$5,676,853</u>	<u>\$9,460,432</u>	<u>\$3,783,579</u>

See accompanying notes to the basic financial statements

**Colerain Township, Hamilton County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Fire District Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$8,250,000	\$8,250,000	\$8,758,547	\$508,547
Licenses, Permits and Fees	3,000	3,000	11,300	8,300
Intergovernmental	1,200,000	1,200,000	1,203,971	3,971
Other	112,000	112,000	202,592	90,592
<i>Total receipts</i>	<u>9,565,000</u>	<u>9,565,000</u>	<u>10,176,410</u>	<u>611,410</u>
<b>Disbursements</b>				
Current:				
Public Safety	10,185,590	10,185,590	9,552,808	632,782
Capital Outlay	858,818	858,818	389,695	469,123
<i>Total Disbursements</i>	<u>11,044,408</u>	<u>11,044,408</u>	<u>9,942,503</u>	<u>1,101,905</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,479,408)</u>	<u>(1,479,408)</u>	<u>233,907</u>	<u>1,713,315</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	45,000	45,000	45,000	0
Transfers Out	(250,100)	(250,100)	(250,100)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(205,100)</u>	<u>(205,100)</u>	<u>(205,100)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,684,508)	(1,684,508)	28,807	1,713,315
<i>Fund Balance Beginning of Year</i>	7,359,365	7,359,365	7,359,365	0
Prior Year Encumbrances Appropriated	388,107	388,107	388,107	0
<i>Fund Balance End of Year</i>	<u>\$6,062,964</u>	<u>\$6,062,964</u>	<u>\$7,776,279</u>	<u>\$1,713,315</u>

See accompanying notes to the basic financial statements

**Colerain Township, Hamilton County**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual -Budget Basis  
 Ambulance/EMS Fund  
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Charges for Services	\$400,000	\$400,000	\$937,575	537,575
<i>Total receipts</i>	<u>400,000</u>	<u>400,000</u>	<u>\$937,575</u>	<u>537,575</u>
<b>Disbursements</b>				
Current:				
Public Safety	\$203,790	\$203,790	\$173,457	30,333
Capital Outlay	111,500	111,500	14,422	97,078
<i>Total Disbursements</i>	<u>315,290</u>	<u>315,290</u>	<u>187,879</u>	<u>127,411</u>
<i>Net Change in Fund Balance</i>	<u>84,710</u>	<u>84,710</u>	<u>749,696</u>	<u>664,986</u>
<i>Fund Balance Beginning of Year</i>	784,251	784,251	784,251	0
Prior Year Encumbrances Appropriated	<u>18,790</u>	<u>18,790</u>	<u>18,790</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$887,751</u></u>	<u><u>\$887,751</u></u>	<u><u>\$1,552,737</u></u>	<u><u>\$664,986</u></u>

See accompanying notes to the basic financial statements

**Colerain 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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$2,730,000	\$2,730,000	\$2,849,748	\$119,748
Licenses, Permits and Fees	2,000	2,000	1,965	(35)
Fines and Forfeitures	80,000	80,000	71,430	(8,570)
Intergovernmental	380,000	380,000	429,992	49,992
Other	36,000	36,000	98,654	62,654
<i>Total receipts</i>	<u>3,228,000</u>	<u>3,228,000</u>	<u>3,451,789</u>	<u>223,789</u>
<b>Disbursements</b>				
Current:				
Public Safety	4,001,390	4,080,973	3,995,882	85,091
Capital Outlay	154,311	144,420	140,538	3,882
<i>Total Disbursements</i>	<u>4,155,701</u>	<u>4,225,392</u>	<u>4,136,420</u>	<u>88,972</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(927,701)</u>	<u>(997,392)</u>	<u>(684,631)</u>	<u>312,761</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	500,000	500,000	500,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(427,701)	(497,392)	(184,631)	312,761
<i>Fund Balance Beginning of Year</i>	418,194	418,194	418,194	
Prior Year Encumbrances Appropriated	21,730	21,730	21,730	
<i>Fund Balance End of Year</i>	<u>\$12,223</u>	<u>(\$57,468)</u>	<u>\$255,293</u>	<u>\$312,761</u>

See accompanying notes to the basic financial statements

Colerain Township of Hamilton County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2006

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**Note 1 – Reporting Entity**

Colerain Township, Hamilton County, Ohio (the Township), is a body politic and corporate established in 1794 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 Township Fiscal Officer. The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, fire and emergency medical services, zoning, maintenance of Township roads and bridges, a Senior and Community Center, and historical cemetery maintenance. Police protection is provided by the Township as well, through a contract with the Hamilton County Sheriff's Office.

**B. Related Organization**

Component units are legally separate organizations for which the Township is financially accountable. The Township does not have any component units.

The Township participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. This organization is the Ohio Township Association Risk Management Authority.

The financial statements exclude the following entities which perform activities within the Township's boundaries for the benefit of its residents because the Township is not financially accountable for these entities nor are they fiscally dependent on the Township:

- Colerain Township Citizen Police Academy Alumni Association
- Colerain Township Citizen Fire Academy Alumni Association
- Colerain Community Association
- Colerain Township Business Association
- Coleraine Historical Society
- Colerain Summer Events Committee, Inc.

The Township's management believes 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 modified cash basis of accounting. This modified 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 modified cash basis of accounting. 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, and 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. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The statement of net assets presents the cash balance 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 charges paid by the recipient of the program's goods or services, 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 modified 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 this 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.



**Note 2 – Summary of Significant Accounting Policies (Continued)**

**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.

**Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Police District Fund, Fire District Fund and the Ambulance/EMS Fund. The General 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 it is expended or transferred according to the general laws of Ohio. The Police District Fund receives money from a continuing levy for the operation of a police department which serves the residents of the Township. The Fire District Fund receives money from a continuing levy for the operation of a fire department which serves the residents of the Township. The Ambulance/EMS Fund receives money for emergency medical services/ambulance runs which it provides to the Township residents.

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

**C. Basis of Accounting**

The Township's financial statements are prepared using the modified 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. Modifications made by the Township are described in Note 2E.

As a result of the use of this modified 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 are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, 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.

**Note 2 – Summary of Significant Accounting Policies (Continued)**

The appropriations resolution 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, department, 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 resolution 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 Investments

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 "Cash and Investments." Investments of the cash management pool are recorded on the financial statements as cash and investments. Investments are reported as assets. Accordingly, purchases of investments are not 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 negative receipts (contra revenue), respectively.

During 2006 the Township invested in U.S. agency securities and STAR Ohio. The U.S. agency securities are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2006.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 were \$915,789.

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. 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.

I. 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 Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. 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. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception.

K. 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 fire/ambulance services, road repairs, recycling, and drug enforcement and education. All levied funds are restricted in their expenditures, in that they can only be used for the operations of the department in which they were voted. 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.

L. 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 and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**Note 3 – 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, Police District Fund, Fire District Fund and the Ambulance/EMS Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is 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 \$1,419,923 for the general fund, \$13,408 for the Police District Fund; \$337,173 for the Fire District Fund and \$24,063 for the Ambulance/EMS fund.

**Note 4 – 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.

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. 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 Home Loan Mortgage Corporation, 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;

Colerain Township of Hamilton County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2006

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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).
8. Commercial paper and bankers acceptances with appropriate limitations since ORC training requirements have been met.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Township or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits

At year end, the carrying amount of the Township's deposits was \$10,817,098 and the bank balance was \$11,790,974. Of the bank balance \$100,000 was covered by federal depository insurance and \$11,690,974 was uninsured and is collateralized with securities held by the pledging financial institutions trust departments, but not in the Township name. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Colerain Township of Hamilton County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2006

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Investments

As of December 31, 2006, the Township had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
Federal Home Loan Banks	\$1,000,000	11/28/2008
Federal National Mortgage Assoc.	2,000,000	08/20/2007
Federal National Mortgage Assoc.	2,000,000	01/30/2007
Federal National Mortgage Assoc.	1,000,000	03/16/2009
Federal Home Loan Banks	3,000,000	05/12/2009
STAR Ohio	2,400,000	n/a
	<u>\$11,400,000</u>	

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

The Township's investments in the Federal National Mortgage Association, Federal Home Loan Bank, and Federal Home Loan Mortgage Corporation securities are rated Aaa by Moody's and AAA by Standard and Poor's. STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. agency securities are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the Fiscal Officer, Board of Trustees, or qualified trustee."

**Note 5 – 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 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, 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

Colerain Township of Hamilton County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2006

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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.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, 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 full tax rate for all Township operations for the year ended December 31, 2006, was \$16.18 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential/ Agriculture	\$1,016,608,100
Other	216,073,090
Public Utility Property	
Personal	25,173,200
Tangible Personal Property	1,245,080
Total Assessed Value	<u>\$1,259,099,470</u>

**Note 6 – Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

Colerain Township of Hamilton County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2006

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**Casualty Coverage**

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$12,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA. If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to the annual aggregate limit of \$10,000,000.

**Property Coverage**

The Travelers Indemnity Company reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township. Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**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:

		2006	2005
Assets	\$	42,042,275	39,663,434
Liabilities		(12,120,661)	(13,750,607)
Net Assets	\$	29,921,614	25,912,827

At December 31, 2006 and 2005, respectively, liabilities noted above include approximately \$11.3 million and \$12.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2006 and December 31, 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$44,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.



Colerain Township of Hamilton County, Ohio  
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For the Year Ended December 31, 2006

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Based on discussions with OTARMA the expected rates charged by OTARMA to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Township's contributions to OTARMA for the years ending December 31, 2006 and 2005 were \$184,482 and \$222,135, respectively.

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 7 – 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 pension plan is a cost-sharing, multiple-employer defined benefit pension plan, the member-directed plan is a defined contribution plan; and the Combined Plan a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and 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.

OPERS provides retirement, disability, and 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 including post-employment health care coverage. 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, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions. The Township's required contributions to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$608,267, \$581,710, and \$592,709 respectively. The full amount has been contributed for all three years.

***B. Ohio Police and Fire Pension Fund***

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension benefits while the Township is required to contribute 24 percent. Contributions are authorized by State statute. The Township's contributions to OP&F for firefighters for the years ending December 31, 2006, 2005 and 2004 were \$913,290, \$863,342, and \$752,757, respectively. The full amount has been contributed for all three years.

**Note 8 - 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 survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. 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 2006 local government employer contribution rate was 13.7 percent of covered payroll of which 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 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 costs were assumed to increase between .50 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market value. 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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979. The number of active contributing participants for both plans used in the

Colerain Township of Hamilton County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2006

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December 31, 2006, actuarial valuation was 362,130. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006 were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 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. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

***B. Ohio Police and Fire Pension Fund***

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate.

The total firefighter contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The OP&F's total health care expense for the year ended December 31, 2006 was \$120,373,722, which was net of member contributions of \$58,532,848. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006, was 14,120 for police and 10,563 for firefighters.

Colerain Township of Hamilton County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2006

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**Note 9 - Notes Payable**

A summary of the note transactions for the year ended December 31, 2006, follows:

	Interest Rate	Balance 12/31/05	Additions	Reductions	Balance 12/31/06	Amount due within one year
Colerain Square Tax Increment Financing Note	6.5%	\$ 257,000	-	133,352	123,648	123,648
Colerain Target Square Tax Increment Financing Note	4.5%	<u>1,016,580</u>	<u>-</u>	<u>151,350</u>	<u>865,230</u>	<u>158,160</u>
Total		<u>\$ 1,273,580</u>	<u>-</u>	<u>284,702</u>	<u>988,878</u>	<u>281,808</u>

The Colerain Square Ohio Tax Increment Financing (TIF) Revenue Note was issued on July 9, 1998 with a total face value of \$965,000. The Service Agreement and Trust Agreement related to this Note were amended on July 1, 2001. This TIF was issued as provided for by Ohio Revised Code Sections 5709.73 through 5709.75, and pursuant to a resolution adopted by the Board of Trustees on December 9, 1997.

The Developer is Colerain Associates LTD, an Ohio limited liability company. The Developer and the Township entered into the original Service Agreement dated July 1, 1998. The note was issued to finance construction of public improvements to an 18.284 acre parcel #510-182-58 known as the "Lowe's Parcel." The improvements were intended to be used principally for commercial purposes. The Developer, its successors, assigns and transferees commenced Service Payments on the first date for payment of real property taxes after the calendar year with respect to which the improvements would first have been assessed for real property taxes had an exemption with respect to the improvements not been applied for by the Developer and allowed under Sections 5709.73 through 5709.75, Ohio Revised Code, and shall continue to make Service Payments no later than the final date for payment of real property taxes in such year and each year thereafter until termination or expiration of the agreement. The related activity for this Note is included in the Township's Other Governmental Funds included within the accompanying financial statements.

The Target Ohio Tax Increment Financing (TIF) Revenue Notes were issued on October 15, 2002 with a total face value of \$1,300,000. These Notes were issued as provided for by Ohio Revised Code Sections 5709.73 through 5609.75, and pursuant to a resolution adopted by the Board of Trustees on September 10, 2002. The Notes were issued to provide funds to pay the cost of constructing road, lighting, landscaping, water, sewer, storm sewer and related improvements to Poole Road. These Notes are negotiable instruments but do not constitute a general obligation or debt of the Township, the State of Ohio or any political subdivision thereof, and neither the general credit nor taxing power of the Township, the State of Ohio, or any political subdivision therefore are pledged for the payment of the principal of, or interest and any premium on, these Notes. Such principal, interest and premium are payable solely from moneys pledged to the Trust Agreement, and the Holder hereof does not and shall not have any right to have excises or taxes levied by the Township, the General Assembly of Ohio, or the taxing

Colerain Township of Hamilton County, Ohio  
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authority of any political subdivision thereof, for the payment of such principal, interest and premium. The Township's resolution dated September 10, 2002 states that nothing herein shall be deemed to prohibit the Township from lawfully using, of its own volition, any of its general resources for the fulfillment of any of the terms and conditions of the Authorizing Legislation or the Notes. These Notes are not secured by the full faith and credit of the Township. Target Corporation, a Minnesota corporation (the "Developer") will cause to be issued and delivered to the Trustee (Fifth Third Bank of Cincinnati) by a bank acceptable to the original purchaser an irrevocable standby letter of credit pursuant to which the Trustee is entitled to draw up to (a) the principal amount of the Notes outstanding to enable the Trustee to pay the principal amount of the Notes when due at maturity or upon redemption or acceleration in the occurrence of an event of default, plus (b) the amount of interest due on the Notes computed at the of interest on the Bonds for a period of 195 days to enable the Trustee to pay interest due on the Notes. The related activity for these Bonds is included in the Township's Other Governmental Funds included within the accompanying financial statements.

All note proceeds had been spent at December 31, 2006.

Debt service for the the above notes, including interest, is scheduled as follows:

Year Ending 12/31	Colerain Square TIF Revenue Notes	Target TIF Revenue Notes	Total
2007	\$ 143,580	197,095	340,675
2008	-	197,088	197,088
2009	-	197,091	197,091
2010	-	197,089	197,089
2011	-	197,097	197,097
	<u>\$ 143,580</u>	<u>985,460</u>	<u>1,129,040</u>

**Note 10 – Debt**

The Township's long-term debt activity for the year ended December 31, 2006, was as follows:

	Interest Rate	Balance 12/31/05	Additions	Reductions	Balance 12/31/06	Due within one year
Building Improvement Bonds	3% - 5%	\$ 2,395,000	-	105,000	2,290,000	110,000
Fire Department Bonds	3% - 5%	2,710,000	-	120,000	2,590,000	125,000
Park Bonds	3% - 5%	3,435,000	-	150,000	3,285,000	160,000
Building Improvement Refunding Bonds	2.75% - 4.75%	950,000	-	70,000	880,000	75,000
<b>Total</b>		<u>\$ 9,490,000</u>	<u>-</u>	<u>445,000</u>	<u>9,045,000</u>	<u>470,000</u>

Colerain Township of Hamilton County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2006

The Building Improvement Bonds were issued December 15, 2001 for the purpose of relocating the Township's Public Works Department. The bonds are collateralized solely by the Township's taxing authority. The Fire Department Bonds were issued December 15, 2001 for the purpose of building and rehabbing Township fire stations. The bonds are collateralized solely by the Township's taxing authority. The Park Bonds were issued December 1, 2001 for the purpose of improving the East Miami River Road Park. The bonds are collateralized solely by the Township's taxing authority. The Building Improvement Refunding Bonds were issued September 1, 2001 for the purpose of refinancing notes originally issued in 1997 to finance construction of a governmental complex building. The bonds are collateralized solely by the Township's taxing authority. The following is a summary of the Township's future annual debt service requirements, including interest:

Year ending 12/31:	Public Works			Building	Total
	Building Improvement Bonds	Fire Department Bonds	Parks Department Bonds	Improvement Refunding Bonds	
2007	\$ 221,210	250,820	319,295	112,733	904,058
2008	222,030	251,070	318,215	109,995	901,310
2009	222,430	250,870	316,615	112,108	902,023
2010	222,450	250,268	314,560	108,908	896,186
2011	222,138	249,318	317,122	110,628	899,206
2012 - 2016	1,105,055	1,249,023	1,583,535	553,830	4,491,443
2017 - 2022	<u>1,098,435</u>	<u>1,248,573</u>	<u>1,583,327</u>	-	<u>3,930,335</u>
	<u>\$ 3,313,748</u>	<u>3,749,942</u>	<u>4,752,669</u>	<u>1,108,202</u>	<u>12,924,561</u>

**Note 11 – Interfund Transfers**

During 2006 the following transfers were made:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	1,489,705
Bond Retirement	894,805	-
Fire District	45,000	250,100
Police District	500,000	-
Zoning	<u>300,000</u>	-
	<u>\$ 1,739,805</u>	<u>1,739,805</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. Transfers to the Fire District are monies received as rent of the Colerain Township Training Center, which they maintain. Transfers to the Police District included monies for salaries and other operating expenses.

Colerain Township of Hamilton County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2006

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**Note 12 – Contingent Liabilities**

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
Colerain Township, Ohio:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Colerain Township, Hamilton County, Ohio (Township) as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated July 1, 2009, wherein we noted the Township uses the modified cash basis of accounting. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described and labeled as item 2006-1 in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the deficiency in internal control described above to be a material weakness.

### **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters, described and labeled as items 2006-2 and 2006-3 in the accompanying schedule of findings and responses, which are required to be reported under *Government Auditing Standards*.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Township's response, and accordingly, we express no opinion on it.

We noted certain matters that we reported to management of the Township in a separate letter dated July 1, 2009.

This report is intended solely for the information and use of management, others within the entity, and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

*Clark, Schaefer, Hachett & Co.*

Cincinnati, Ohio  
July 1, 2009

**COLERAIN TOWNSHIP, HAMILTON COUNTY, OHIO**  
**Schedule of Findings and Responses**  
**Year Ended December 31, 2006**

**Financial Statement Findings**

**Finding 2006-1 – Financial Statements**

Monitoring controls are procedures and supervisory activities performed by management to help ensure that management's objectives are being achieved, including the objective of assuring accurate and reliable financial statements for external reporting purposes. Effective monitoring controls should enable management to identify miscalculations, errors and omissions in financial reports.

During the course of our audit, we identified material misclassifications and misstatements in the financial statements for the year under audit that were not initially identified by the Township's internal control. These errors occurred as part of the Township's preparation of its financial statements in a GASB 34 look-a-like format.

**Management response:** *We would like to reiterate that these errors occurred as part of the preparation of the financial statements in the GASB 34 look-a-like format, not part of the daily operations and reporting. The preparation of the statements will be reviewed.*

**Finding 2006-2 – Encumbering**

Ohio Revised Code § 5705.41(D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The following exceptions to this basic requirement are provided by statute:

Then & Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant. The Township has 30 days from the receipt of such certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "Then & Now" certificate, provided that the expenditure is otherwise lawful.

Blanket Certificate: Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate: The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable

operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Twenty (20%) percent of the transactions tested were not certified by the fiscal officer at the time the commitment was incurred.

Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. Unless the exceptions noted above are used properly, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Clerk certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

**Management response:** *We understand that funds are not to be committed until the Fiscal Officer certifies the funds as available. We have implemented internal controls to this end, including the broader utilization of "super blanket" and "open" purchase orders. Staff will be re-trained to ensure this does not happen in the future.*

#### **Finding 2006-3 – Conflict of Interest**

Ohio Revised Code § 2921.42(A)(1) states, in part, that no public official shall knowingly authorize or employ the authority or influence of his office to secure authorization of any public contract in which he, or a member of his family has an interest.

Ohio Revised Code § 102.03(D) states, that no public official or employee shall use or authorize the use of the authority or influence of office or employment to secure anything of value or the promise or offer of anything of value that is of such a character as to manifest a substantial and improper influence upon the official or employee with respect to the person's duties.

During the course of our audit, it was noted that Trustee Bernard Fiedelday voted to hire his grandchildren as part-time seasonal employees of the Township's Parks department in 2006, 2007 and 2008.

We recommend the Township, with the assistance of its legal counsel, develop a conflict of interest policy, and require its employees and elected officials to sign an annual statement stating he/she has received a copy of the conflict of interest policy, has read and understands the policy, has agreed to comply with the policy, and disclose affiliations which may represent a potential conflict of interest. Designated township management should review these statements to help reduce the likelihood of conflicts of interest or undisclosed related party transactions

This matter will be referred to the Ohio Ethics Commission by the Auditor of State's Office.

**Management response:** *Management concurs with the finding.*

**COLERAIN TOWNSHIP, HAMILTON COUNTY, OHIO**  
**Schedule of Prior Audit Findings**  
**Year Ended December 31, 2006**

**Finding 2005-1 – Encumbering**

Ohio Revised Code, § 5705.41(D)(1), prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

Twenty-two (22%) percent of the transactions tested were not certified by the fiscal officer at the time the commitment was incurred.

***Current Status:*** *Finding repeated in current year.*



Mary Taylor, CPA  
Auditor of State

**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 24, 2009**