

COLERAIN TOWNSHIP
HAMILTON COUNTY



Financial Statements

December 31, 2013 and 2012



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Colerain Township, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 17, 2014

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Colerain Township, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Colerain Township, Ohio, (the Township) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions permitted by Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This responsibility includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinions on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinions on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinions on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position for the years then ended.

Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the combined cash balances of the Township, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions permitted by Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), described in Note 1.

Emphasis of Matter

As discussed in Note 11 to the financial statements, during 2012, the Township adopted a new basis of accounting. We did not modify our opinion regarding this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2014, 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. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

August 29, 2014

**COLERAIN TOWNSHIP
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (MODIFIED CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	522,540	15,631,115			16,153,655
Licenses, Permits and Fees	1,390,298	1,664,796			3,055,094
Fines and Forfeitures		61,133			61,133
Intergovernmental	1,174,627	2,539,007		456,228	4,169,862
Special Assessments		154,389			154,389
Earnings on Investments	96,428	3,102			99,530
Miscellaneous	378,885	1,660,275			2,039,160
<i>Total Cash Receipts</i>	<u>3,562,778</u>	<u>21,713,817</u>	<u>0</u>	<u>456,228</u>	<u>25,732,823</u>
Cash Disbursements					
Current:					
General Government	1,412,212	352,442			1,764,654
Public Safety		17,542,351			17,542,351
Public Works	235,293	1,630,039			1,865,332
Health	69,286				69,286
Human Services		41,931			41,931
Conservation-Recreation	3,902	1,374,030			1,377,932
Capital Outlay	604,586	960,698		456,228	2,021,512
Debt Service:					
Principal Retirement		600,000	965,000		1,565,000
Interest and Fiscal Charges		63,212	300,083		363,295
<i>Total Cash Disbursements</i>	<u>2,325,279</u>	<u>22,564,703</u>	<u>1,265,083</u>	<u>456,228</u>	<u>26,611,293</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,237,499</u>	<u>(850,886)</u>	<u>(1,265,083)</u>	<u>0</u>	<u>(878,470)</u>
Other Financing Receipts (Disbursements)					
Transfers In		1,530,137	1,265,083		2,795,220
Transfers Out	(2,550,129)	(245,091)			(2,795,220)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,550,129)</u>	<u>1,285,046</u>	<u>1,265,083</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(1,312,630)</u>	<u>434,160</u>	<u>0</u>	<u>0</u>	<u>(878,470)</u>
<i>Fund Cash Balances, January 1</i>	<u>7,906,695</u>	<u>12,403,410</u>			<u>20,310,105</u>
Fund Cash Balances, December 31					
Nonspendable	0	0	0	0	0
Restricted	0	12,837,570	0	0	12,837,570
Committed	0	0	0	0	0
Assigned	1,770,035	0	0	0	1,770,035
Unassigned (Deficit)	4,824,030	0	0	0	4,824,030
<i>Fund Cash Balances, December 31</i>	<u>6,594,065</u>	<u>12,837,570</u>	<u>0</u>	<u>0</u>	<u>19,431,635</u>

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

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**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (MODIFIED CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	504,734	15,856,558			16,361,292
Licenses, Permits and Fees	1,237,963	1,480,968			2,718,931
Fines and Forfeitures		64,378			64,378
Intergovernmental	1,746,100	2,652,451		52,263	4,450,814
Special Assessments		143,873			143,873
Earnings on Investments	100,462	2,489			102,951
Miscellaneous	555,545	1,111,130			1,666,675
<i>Total Cash Receipts</i>	<u>4,144,804</u>	<u>21,311,847</u>	<u>0</u>	<u>52,263</u>	<u>25,508,914</u>
Cash Disbursements					
Current:					
General Government	2,049,738	332,748			2,382,486
Public Safety		16,878,192			16,878,192
Public Works	210,284	2,122,941			2,333,225
Health	71,104				71,104
Human Services		137,831			137,831
Conservation-Recreation	1,196,403				1,196,403
Capital Outlay	250,994	1,366,609		52,263	1,669,866
Debt Service:					
Principal Retirement		585,000	945,000		1,530,000
Interest and Fiscal Charges		80,763	326,907		407,670
<i>Total Cash Disbursements</i>	<u>3,778,523</u>	<u>21,504,084</u>	<u>1,271,907</u>	<u>52,263</u>	<u>26,606,777</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>366,281</u>	<u>(192,237)</u>	<u>(1,271,907)</u>	<u>0</u>	<u>(1,097,863)</u>
Other Financing Receipts (Disbursements)					
Transfers In	149,085	300,000	1,270,460		1,719,545
Transfers Out	(1,330,833)	(388,712)			(1,719,545)
Advances In	102,110	100,000		2,110	204,220
Advances Out	(102,110)	(100,000)		(2,110)	(204,220)
Other Financing Uses	(23,208)				(23,208)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,204,956)</u>	<u>(88,712)</u>	<u>1,270,460</u>	<u>0</u>	<u>(23,208)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(838,675)</u>	<u>(280,949)</u>	<u>(1,447)</u>	<u>0</u>	<u>(1,121,071)</u>
<i>Fund Cash Balances, January 1</i>	<u>8,745,370</u>	<u>12,684,359</u>	<u>1,447</u>		<u>21,431,176</u>
Fund Cash Balances, December 31					
Nonspendable	0	0	0	0	0
Restricted	0	12,403,410	0	0	12,403,410
Committed	0	0	0	0	0
Assigned	2,400,295	0	0	0	2,400,295
Unassigned (Deficit)	5,506,400	0	0	0	5,506,400
<i>Fund Cash Balances, December 31</i>	<u>7,906,695</u>	<u>12,403,410</u>	<u>0</u>	<u>0</u>	<u>20,310,105</u>

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

**COLERAIN TOWNSHIP
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**NOTES TO FINANCIAL STATEMENTS
December 31, 2012 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The 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.

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 as a contract with the Hamilton County Sheriff's Office.

Component units are legally separate organizations for which the Township is financially accountable. The Township has no component units.

The Township participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is the Ohio Township Association Risk Management Authority.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits based on the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is a modified cash basis of accounting similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. The financial statements also report investments. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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The Township values U.S. Treasury Notes and U.S. Government Agency Notes at cost. Money market mutual funds are recorded at share values the mutual funds report, which approximates cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

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

Motor Vehicle License Tax - This fund receives vehicle license fees money to pay for constructing, maintaining, and repairing Township roads.

Police District - This fund receives levy tax money to pay staff and equipment in the police department.

Fire District - This fund receives levy tax money to pay staff and equipment in the fire and EMS department.

Zoning – This fund receives funds from the general fund and permit fees to pay for zoning code enforcement.

Emergency Medical Services (EMS) – This fund receives monies from billed EMS services performed by our Fire & EMS Department, and used to fund such activates.

Parks & Services – This fund receives funds from the general fund, shelter rentals and permit fees to pay for zoning code enforcement.

Community Center – This fund receives funds from the general fund and room rental fees to pay for zoning code enforcement.

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Lighting Districts – This fund received funds from property tax assessments and pay for artificially lighting residential streets in the Township.

TIF – Stone Creek – This fund receive monies from property taxes as a result of tax increment financing.

TIF – Best Buy – This fund receives monies from property taxes as a result of tax increment financing.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

Government Complex – Debt transactions related to the construction of the administration and police offices.

Parks – Debt transactions related to the construction of Township Parks.

Public Works Building – Debt transactions related to the construction of this building.

Clippard Park – Debt transactions related to the construction of this park.

Streetscape – Debt transactions related to the construction and improvements of the Colerain Avenue corridor.

Fire – Debt transactions related to the construction of a fire station.

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

OPWC – Breezy Acres - The Township received funding from Hamilton County Community Development for re-construction of this township street.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may

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not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general

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fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investments

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

	<u>2012</u>	<u>2013</u>
Demand Deposits	\$1,394,803	\$1,312,969
Total deposits	<u>1,394,803</u>	<u>1,312,969</u>
U.S. Treasury Notes	1,525,000	2,293,016
U.S. Agency Notes	9,905,959	14,537,601
Repurchase Agreements	3,655,166	1,280,151
Money Market	14,525	7,898
Commerical Paper	3,814,652	0
Total investments	<u>18,915,302</u>	<u>18,118,666</u>
Total deposits and investments	<u><u>\$20,310,105</u></u>	<u><u>\$19,431,635</u></u>

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Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: U.S. government securities are held in book-entry form by the Federal Reserve in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

Investments in money market funds are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending 2012 and 2013 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,287,604	\$4,293,888	\$6,284
Special Revenue	21,496,301	21,611,847	115,546
Debt Service	1,414,332	1,270,459	(143,873)
Capital Projects	52,263	52,263	0
Total	<u>\$27,250,500</u>	<u>\$27,228,457</u>	<u>(\$22,043)</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,599,209	\$5,134,289	\$1,464,920
Special Revenue	23,059,509	21,892,796	1,166,713
Debt Service	1,415,638	1,271,933	143,705
Capital Projects	52,263	52,263	0
Total	<u>\$31,126,619</u>	<u>\$28,351,281</u>	<u>\$2,775,338</u>

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,346,603	\$3,562,777	\$216,174
Special Revenue	21,683,323	23,243,954	1,560,631
Debt Service	1,265,082	1,265,082	0
Capital Projects	731,470	456,227	(275,243)
Total	<u>\$27,026,478</u>	<u>\$28,528,040</u>	<u>\$1,501,562</u>

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2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,039,253	\$4,875,407	\$163,846
Special Revenue	24,723,386	22,809,793	1,913,593
Debt Service	1,265,082	1,265,082	0
Capital Projects	456,227	456,227	0
Total	<u>\$31,483,948</u>	<u>\$29,406,509</u>	<u>\$2,077,439</u>

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. Debt

Debt outstanding at December 31, 2012 and 2013 was as follows:

	Interest Rate	2012
G.O. BONDS:		
2001 Fire Bonds	4.73%	\$720,000
2001 Building Bonds	4.73%	635,000
2001 Park Bonds	4.73%	910,000
2009 Park Bonds	2.68%	410,000
2011 Various Purpose Bonds	2.34%-3.41%	7,815,000
Total Bonds		<u>\$10,490,000</u>

	Interest Rate	2013
G.O. BONDS:		
2001 Fire Bonds	4.73%	\$720,000
2001 Building Bonds	4.73%	635,000
2001 Park Bonds	4.73%	910,000
2009 Park Bonds	2.68%	210,000
2011 Various Purpose Bonds	2.34%-3.41%	6,450,000
Total Bonds		<u>\$8,925,000</u>

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The 2001 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 2001 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 2001 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 2009 Park Construction Bonds were issued September 23, 2009 for the purpose of improving Clippard Park. The bonds are collateralized solely by the Township's taxing authority.

The 2011 Various Purpose Bonds were issued on February 23, 2011 for the purpose of refunding a portion of the Township's outstanding Building Improvement bonds, Fire Department bonds and Park bonds as well as fully refunding the Government Complex Building Improvement bonds and 2009 TIF Revenue bonds. The issuance also included new money for the purpose of paying the cost of constructing streetscape improvements to be paid from the general fund.

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

Year Ending 12/31	Principal	Interest	Total Debt Service
2014	\$1,600,000	\$330,995	\$1,930,995
2015	1,435,000	276,335	1,711,335
2016	1,500,000	223,686	1,723,686
2017	865,000	166,055	1,031,055
2018	910,000	124,550	1,034,550
2019-2021	2,615,000	204,450	2,819,450
Totals	\$8,925,000	\$1,326,071	\$10,251,071

6. Retirement Systems

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OP&F participants contributed 10% of their wages. For 2013 and 2012, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages, respectively. For 2013 and 2012, OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

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7. 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. During 2013 the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTAMRA provides property and casualty coverage for its members. OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other disbursements resulting from covered claims that exceed the members' deductibles. Coverage provided by OTAMRA is as follows:

<u>Type of Coverage</u>	<u>Coverage</u>
Legal Liability	\$10,000,000 Per Occurrence
Automobile Liability	10,000,000 Per Occurrence
Wrongful Acts	10,000,000 Per Occurrence
Property	29,871,000 Total Coverage
Boiler and Machinery	29,871,000 Limit

8. Contingent Liabilities

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that 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. The grantor may require refunding of any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

9. Subsequent Events

The Township put on the ballot and residents voted to pass a 1.95 mill police levy in May 2014. This is an additional tax, outside of the ten-mill limitation.

10. Interfund Transfers

During 2012 and 2013 the following transfers were made:

2012	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$149,085	\$1,330,833
Fire District Special Revenue Fund	0	239,627
Zoning Special Revenue Fund	300,000	0
TIF - Target Special Revenue Fund	0	124,961
TIF - Colerain Square Special Revenue Fund	0	24,124
General Bond Retirement Debt Service Fund	106,834	0
General Bond Retirement - Parks Debt Service Fund	310,902	0
General Bond Retirement - PW Bldg Debt Service Fund	215,311	0
General Bond Retiree - Clippard Park Debt Service Fund	217,836	0
Streetscape Debt Service Fund	179,950	0
Special Assessment Fire Bonds Debt Service Fund	239,627	0
Totals	<u>\$1,719,545</u>	<u>\$1,719,545</u>

**COLERAIN TOWNSHIP
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2012 AND 2013**

2013	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$0	\$2,550,129
Fire District Special Revenue Fund	0	245,091
Zoning Special Revenue Fund	166,236	0
Parks and Services - Special Revenue Fund	1,030,088	0
Community Center - Special Revenue Fund	333,814	0
General Bond Retirement Debt Service Fund	109,388	0
General Bond Retirement - Parks Debt Service Fund	304,960	0
General Bond Retirement - PW Bldg Debt Service Fund	211,343	0
General Bond Retirement - Clippard Park Debt Service Fund	213,400	0
Streetscape Debt Service Fund	180,900	0
Special Assessment Fire Bonds Debt Service Fund	245,091	0
Totals	<u><u>\$2,795,220</u></u>	<u><u>\$2,795,220</u></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 from the general fund and other funds above to bond retirement/debt service funds are for the purposes of making debt payments. The 2012 transfers into the general fund totaling \$149,085 consist of transfers of residual balances of TIF funds at the completion of TIF activities in accordance with ORC 5709.75(E).

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**COLERAIN TOWNSHIP
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2012 AND 2013**

11. Change in Accounting Basis

Effective for the fiscal period beginning January 1, 2012, the Township adopted a new accounting basis for its financial statements. The Township previously prepared its financial statements using the modified cash basis of accounting and presented financial statements that are commonly referred to as *GASB 34 Look-alike financial statements*. For 2012 and subsequent, the Township prepares its financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America and the resulting financial statements are commonly referred to as *regulatory basis financial statements*. The Township's regulatory basis of accounting also uses the modified cash basis.

The effects on the financial statements of the change in accounting basis from the *GASB 34 Look-alike* modified cash basis to the *regulatory* modified cash basis of accounting are as follows:

	Governmental Activities
Net Position as previously reported December 31, 2011	\$21,431,176
Accounting Basis Difference	(21,431,176)
Restated Net Position as reported January 1, 2012	N/A ¹

1-Net position is not reported under the regulatory basis of accounting

	General Fund	Police Fund	Fire Fund	Ambulance Fund	TIF Fund	Non-Major Governmental Funds	Total Governmental Funds
Fund Balances as previously reported December 31, 2011	\$8,745,370	\$1,749,090	\$8,145,513	\$792,602	\$603,989	\$1,394,612	\$21,431,176
Accounting Basis Difference	0	(1,749,090)	(8,145,513)	(792,602)	(603,989)	(1,394,612)	0
Restated Fund Balances as reported January 1, 2012	\$8,745,370	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²	\$21,431,176

2-Major/non-major funds are not reported under the regulatory basis of accounting

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Fund Cash Balances as previously reported December 31, 2011	\$8,745,370	N/A ³	N/A ³	N/A ³	\$21,431,176
Accounting Basis Difference	0	12,684,359	1,447	0	0
Restated Fund Cash Balances as reported January 1, 2012	\$8,745,370	\$12,684,359	\$1,447	\$0	\$21,431,176

3-Fund types are not reported under the GASB 34 Look-alike basis of accounting

**INDEPENDENT AUDITORS' 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***

Board of Trustees
Colerain Township, Ohio

We have audited, in accordance with the 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, the financial statements of Colerain Township, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated August 29, 2014 wherein we noted the Township followed financial reporting provisions permitted by Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
August 29, 2014

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Dave Yost • 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 30, 2014**