



OHIO AUDITOR OF STATE
KEITH FABER



**COLERAIN TOWNSHIP
HAMILTON COUNTY
DECEMBER 31, 2019 AND 2018**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Colerain Township
Hamilton County
4200 Springdale Road
Cincinnati, Ohio 45251

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Colerain Township, Hamilton County, Ohio (the Township) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 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 (GAAP), to satisfy these requirements. Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion 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, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Colerain Township, Hamilton County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 17 to the financial statements for fiscal year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. 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 January 11, 2021, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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.



Keith Faber
Auditor of State
Columbus, Ohio
January 11, 2021

Colerain Township
Hamilton County, Ohio
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Fiscal Year Ended December 31, 2019

	General	Special Revenue	Debt Service	Capital Projects	Totals
Receipts:					
Property and Other Local Taxes	\$512,328	\$16,988,921	\$0	\$0	\$17,501,249
Charges for Services	0	1,471,896	0	0	1,471,896
Licenses, Permits and Fees	3,623,182	433,574	0	0	4,056,756
Fines and Forfeitures	0	52,111	0	0	52,111
Intergovernmental	1,198,002	2,785,266	0	2,768,775	6,752,043
Special Assessments	0	150,593	0	0	150,593
Earnings on Investments	438,795	46,078	0	0	484,873
Miscellaneous	266,827	2,549,143	0	0	2,815,970
Total Receipts	6,039,134	24,477,582	0	2,768,775	33,285,491
Disbursements:					
Current:					
General Government	1,606,124	513,224	0	0	2,119,348
Public Safety	0	21,070,476	0	0	21,070,476
Public Works	1,729,763	1,431,342	0	0	3,161,105
Health	74,485	0	0	0	74,485
Conservation - Recreation	0	1,056,636	0	0	1,056,636
Human Services	0	8,645	0	0	8,645
Economic Development	130,000	0	0	0	130,000
Capital Outlay	1,449,453	2,076,181	0	4,696,677	8,222,311
Debt Service:					
Principal Retirement	0	0	840,000	0	840,000
Interest and Fiscal Charges	0	226,586	97,251	0	323,837
Total Disbursements	4,989,825	26,383,090	937,251	4,696,677	37,006,843
Excess of Receipts Over (Under) Disbursements	1,049,309	(1,905,508)	(937,251)	(1,927,902)	(3,721,352)
Other Financing Receipts (Disbursements):					
Issuance of OPWC Loans	0	0	0	1,780,508	1,780,508
Loan Issued to CIC	(400,000)	0	0	0	(400,000)
Loan Repayment from CIC	400,000	0	0	0	400,000
Transfers In	467,272	1,144,205	937,249	0	2,548,726
Transfers (Out)	(1,841,535)	(707,191)	0	0	(2,548,726)
Total Other Financing Receipts (Disbursements)	(1,374,263)	437,014	937,249	1,780,508	1,780,508
Net Change in Fund Cash Balance	(324,954)	(1,468,494)	(2)	(147,394)	(1,940,844)
Fund Cash Balance Beginning of Year	7,497,301	17,199,329	2	271,490	24,968,122
Fund Cash Balances:					
Restricted	0	15,442,094	0	124,096	15,566,190
Committed	0	288,741	0	0	288,741
Assigned	1,642,190	0	0	0	1,642,190
Unassigned (Deficit)	5,530,157	0	0	0	5,530,157
Fund Cash Balance End of Year	\$7,172,347	\$15,730,835	\$0	\$124,096	\$23,027,278

See accompanying notes to the financial statements.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2019

Note 1 - Reporting Entity

Colerain Township, Hamilton County, Ohio (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, police, fire and emergency medical services, zoning, maintenance of Township roads and bridges, a Senior and Community Center, and historical cemetery maintenance. Component units are legally separate organizations for which the Township is financially accountable. The Township has no component units.

The Township participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool, see Note 7 to the financial statements for additional information.

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

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund cash balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

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

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.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2019

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.

Permissive Motor Vehicle License - This fund receives levied permissive motor vehicle license tax from county auditor.

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

Parks and Services - This fund receives funds from the general fund, shelter rentals and permit fees to pay for the maintenance and programming of Township parks.

Community Center - This fund receives funds from the general fund and room rental fees to pay for the operations of the Community Center.

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

TIF-Colerain Towne Center/Rumpke (Rumpke) - This fund received monies from property taxes as a result of tax increment financing.

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

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

TIF-Kroger - This fund received monies from property taxes as a result of tax increment financing.

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:

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

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

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.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2019

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 Projects Funds:

Neighborhood Stabilization Program (NSP) - transactions related to the purchase of foreclosed or abandoned homes and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline of house values of neighboring homes.

Ohio Public Works Commission (OPWC) - transactions related to the financing for local public infrastructure improvements through both the State Capital Improvement Program (SCIP) and the Local Transportation Improvement Program (LTIP). SCIP is a grant/loan program for roads, bridges, water supply, wastewater treatment, storm water collection, and solid waste disposal. LTIP is a grant program for roads and bridges only.

Basis of Accounting

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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

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

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 re-appropriated.

A summary of 2019 budgetary activity appears in Note 5.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2019

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.

The Township values U.S. Government Agency Notes, U.S. Treasury Bills, Commercial Paper and Certificates of Deposits at cost. Money market mutual funds are recorded at share values the mutual funds report.

Capital Assets

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

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.

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:

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

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.

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.

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 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.

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.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2019

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.

Note 3 – 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 for the Township at December 31, 2019 was as follows:

Demand Deposits	\$525,012
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Deposits - Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

The investment values for the Township at December 31, 2019 were as follows:

Investments:

U.S. Government Agency Notes	\$5,800,000
Commercial Paper	6,529,438
Negotiable Certificates of Deposit	7,655,843
U.S. Treasury Bills	2,258,043
Money Market	258,942
Total Investments	<u>22,502,266</u>
Total Demand Deposits and Investments	<u>\$23,027,278</u>

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.

Note 4 – Property Taxes

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.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2019

Public utilities are also taxed on personal and real property located within the Township.

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

Note 5 - Budgetary Activity

Budgetary activity for the year ending December 31, 2019, was as follows:

Budgeted vs. Actual Receipts:

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$6,613,386	\$6,906,406	\$293,020
Special Revenue	27,053,927	25,621,787	(1,432,140)
Debt Service	937,248	937,249	1
Capital Projects	5,717,991	4,549,283	(1,168,708)
Total	\$40,322,552	\$38,014,725	(\$2,307,827)

Budgeted vs. Actual Budgetary Basis Expenditures:

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$8,195,360	\$7,244,143	\$951,217
Special Revenue	29,976,679	27,189,544	2,787,135
Debt Service	937,251	937,251	0
Capital Projects	5,934,390	4,696,677	1,237,713
Total	\$45,043,680	\$40,067,615	\$4,976,065

Note 6 – Debt

The Township's debt for the year ended December 31, 2019 were as follows:

	<u>Principal</u>	<u>Interest Rate</u>
<i>General Obligation Bonds:</i>		
2011 Various Purpose Bonds	\$1,775,000	4.00%
<i>TIF Bonds:</i>		
2015 Kroger TIF Bonds	3,765,000	4.50%
2018 Rumpke TIF Bonds	1,980,000	4.65%
<i>OPWC Loans:</i>		
CB07U Royal Heights Subdivision	1,580,092	0.00%
CB09U Acre and Gardenia Reconstruction	344,582	0.00%
CB17U Byrneside Drive Reconstruction	413,986	0.00%
Total Debt	\$9,858,660	

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2019

2011 Various Purpose Bonds - were issued 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.

2015 Kroger TIF Bonds - were issued for land acquisition associated with a tax increment financing project. The bonds are subject to repayment based on the tax revenues generated from the project and were not issued as general obligation bonds. The interest rate is 4.50% and the bonds mature on December 1, 2047.

2018 Rumpke TIF Bonds - were issued for road improvements along Struble Road associated with a tax increment financing project. The interest rate is 4.65% and the bonds mature on December 1, 2034.

Ohio Public Works Commission (OPWC) Loans - were issued for the maintenance and reconstruction of various roadways within the Township (Royal Heights Subdivision, Acre and Gardenia, and Byrneside Drive). The OPWC loans are interest free and will be paid over a 20 year period. During 2019, all projects were completed, but only the Royal Heights Subdivision (CB07U) amortization schedule was available and it has a maturity date of January 2040.

Amortization of the above debt (excluding OPWC Loans, CB09U and CB17U, for which amortization is not yet scheduled), including interest, is scheduled as follows:

Years	Principal	Interest	Total
2020	\$1,017,432	\$501,546	\$1,518,978
2021	1,196,933	294,545	1,491,478
2022	301,933	250,313	552,246
2023	306,933	241,823	548,756
2024	321,933	233,108	555,041
2025-2029	1,739,666	1,017,563	2,757,229
2030-2034	2,039,665	726,690	2,766,355
2035-2039	1,319,665	456,525	1,776,190
2040-2044	954,502	275,850	1,230,352
2045-2049	660,000	60,300	720,300
	<u>\$9,858,662</u>	<u>\$4,058,263</u>	<u>\$13,916,925</u>

Note 7 – Risk Management

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2019

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018 (most recent information available).

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018 (most recent information available).

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u><u>\$4,330,789</u></u>

The complete audited financial statements for OPRM are available at the Plan’s website, www.ohioplan.org.

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System (OPERS)

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10.0% of their gross salaries and the Township contributed an amount equaling 14.0% of participants’ gross salaries. Police personnel contribute to OPERS at the rate of 13.0% of their gross salaries. The Township contributes at the rate of 18.1% of the participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2019

<u>Retirement Rates</u>	<u>Year</u>	<u>Member Rate</u>	<u>Employer Rate</u>
OPERS - Local	2012-2019	10.0%	14.0%
OPERS - Law Enforcement	2012-2019	13.0%	18.1%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township’s contractually required contribution was \$1,140,145 for year 2019.

Ohio Police and Fire Retirement System (OPF)

Township’s certified Full-Time Firefighters belong to the Police and Fire Pension Fund (OPF). OPF is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPF participants contributed 12.25% of their wages. The Township contributed to OPF an amount equal to 24.00% of full-time firefighters’ wages. The Township has paid all contributions required through December 31, 2019.

<u>Retirement Rates</u>	<u>Year</u>	<u>Member Rate</u>	<u>Employer Rate</u>
OPF - Full-Time Firefighters	July 1, 2014 - June 30, 2015	11.50%	24.00%
OPF - Full-Time Firefighters	July 1, 2015 - December 31, 2019	12.25%	24.00%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township’s contractually required contribution was \$1,592,291 for year 2019.

Social Security

Several Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 9 – Post Employment Benefits

Both OPERS and OPF offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0.0% during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0% during calendar year 2019. OPF contributes 0.5% to fund these benefits.

Beginning January 1, 2019, OPF changed its retiree group sponsored health care model to a stipend-based health care model. A stipend funded by OPF will be placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2019

Note 10 – Interfund Transfers

Transfer activity for the year ending December 31, 2019:

Fund	Transfer In	Transfer Out
General	\$467,272	\$1,841,535
Special Revenue:		
Fire District	0	239,918
Zoning	281,933	0
TIF - Stone Creek	0	7,727
TIF - Best Buy	0	459,546
Parks and Services	618,625	0
Community Center	243,647	0
Debt Service:		
Bond Retirement - Parks	306,794	0
Bond Retirement - Public Works Bulding	212,137	0
Bond Retirement - Street Scape	178,400	0
Bond Retirement - Special Assessment Fire	239,918	0
Total	\$2,548,726	\$2,548,726

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. During 2019, transfers out of the General Fund and the Fire District Fund were for the purposes of making debt payments. Both the TIF - Stone Creek and the TIF - Best Buy funds remaining available balances were transferred into the General Fund during 2019.

Note 11 – 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.

Note 12 – Related Organizations

The Colerain Township, Hamilton County, Community Improvement Corporation, Inc. is an organization related to the Township. It acts as the Township’s agent for economic development.

Note 13 – Joint Venture

Neighboring townships of Colerain, Springfield and Ross have a joint venture for residential solid waste and recycling. The contract is April 1, 2016 to March 31, 2021 and was awarded to Rumpke, after competitive bidding.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2019

Note 14 – Loans

The Township did approve to loan the Colerain Township, Hamilton County, Community Improvement Corporation (CIC) \$400,000. The CIC received the \$400,000 in July of 2019 and paid it back to the Township in December of 2019.

Note 15 – Fund Regulatory Cash Balances

Fund regulatory cash balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund regulatory cash balance for the governmental fund types are presented below:

Fund Balances	General	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Governmental Funds
Restricted for:					
Building, Zoning & Planning	0	24,329	0	0	24,329
Drug and Alcohol Education and Enforcement	0	4,963	0	0	4,963
Economic Development	0	481,363	0	0	481,363
Emergency Medical Services	0	944,053	0	0	944,053
Fire Operations	0	6,898,980	0	0	6,898,980
Lighting Districts	0	217,462	0	0	217,462
Police Operations	0	4,039,721	0	0	4,039,721
Recycling Programs	0	152,721	0	0	152,721
Road and Bridge Maintenance and Improvements	0	2,678,502	0	0	2,678,502
Public Works	0	0	0	123,166	123,166
Restricted Capital	0	0	0	930	930
Total Restricted	0	15,442,094	0	124,096	15,566,190
Committed to:					
Recreation Programs	0	95,627	0	0	95,627
Senior and Community Programs	0	193,114	0	0	193,114
Total Committed	0	288,741	0	0	288,741
Assigned to:					
Budgetary Resources	1,642,190	0	0	0	1,642,190
Total Assigned	1,642,190	0	0	0	1,642,190
Unassigned (Deficit)	5,530,157	0	0	0	5,530,157
Total Fund Balance	<u>\$7,172,347</u>	<u>\$15,730,835</u>	<u>\$0</u>	<u>\$124,096</u>	<u>\$23,027,278</u>

Note 16 – Implementation of New Accounting Principles

During 2019, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 84, *Fiduciary Activities*, Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, and Statement No. 90, *Majority Equity Interest and amendment of Statements No. 14 and 61*.

GASB Statement No. 83 sets out to address the accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2019

activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The implementation of GASB Statement No. 83 did not have an effect on the financial statements.

GASB Statement No. 84 clarifies the criteria for identifying fiduciary activities, with the focus on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Activities meeting certain criteria should be reported in a fiduciary fund in the financial statements. The implementation of GASB Statement No. 84 did not have an effect on the financial statements.

GASB Statement No. 88 sets out to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. If applicable, GASB Statement No. 88 has been implemented in the notes to financial statements.

GASB Statement No. 90 sets out to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The implementation of GASB Statement No. 90 did not have an effect on the financial statements.

Note 17 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The Township's investment portfolio and the investments of the pension and other employee benefit plan in which the Township participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Colerain Township
Hamilton County, Ohio
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Fiscal Year Ended December 31, 2018

	General	Special Revenue	Debt Service	Capital Projects	Totals
Receipts:					
Property and Other Local Taxes	\$517,026	\$17,076,792	\$0	\$0	\$17,593,818
Charges for Services	0	1,469,018	0	0	1,469,018
Licenses, Permits and Fees	3,377,938	505,353	0	0	3,883,291
Fines and Forfeitures	0	48,052	0	0	48,052
Intergovernmental	923,855	2,772,493	0	2,807,168	6,503,516
Special Assessments	0	154,344	0	0	154,344
Earnings on Investments	376,637	44,860	0	0	421,497
Miscellaneous	293,588	2,174,381	0	0	2,467,969
Total Receipts	5,489,044	24,245,293	0	2,807,168	32,541,505
Disbursements:					
Current:					
General Government	1,611,300	365,215	0	0	1,976,515
Public Safety	0	19,786,606	0	0	19,786,606
Public Works	2,234,516	1,660,356	0	0	3,894,872
Health	73,265	0	0	0	73,265
Conservation - Recreation	0	978,883	0	0	978,883
Human Services	0	74,485	0	0	74,485
Capital Outlay	1,017,620	463,447	0	2,893,930	4,374,997
Debt Service:					
Principal Retirement	0	95,000	815,000	0	910,000
Interest and Fiscal Charges	0	82,331	121,701	0	204,032
Total Disbursements	4,936,701	23,506,323	936,701	2,893,930	32,273,655
Excess of Receipts Over (Under) Disbursements	552,343	738,970	(936,701)	(86,762)	267,850
Other Financing Receipts (Disbursements):					
Issuance of OPWC Loans	0	0	0	358,252	358,252
Sale of Bonds	0	1,980,000	0	0	1,980,000
Discount of Bonds	0	(34,155)	0	0	(34,155)
Loan Repayment from CIC	360,000	0	0	0	360,000
Bond Issuance Cost	0	(60,190)	0	0	(60,190)
Transfers In	1,743,581	893,341	936,701	0	3,573,623
Transfers (Out)	(1,588,823)	(1,984,800)	0	0	(3,573,623)
Total Other Financing Receipts (Disbursements)	514,758	794,196	936,701	358,252	2,603,907
Net Change in Fund Cash Balance	1,067,101	1,533,166	0	271,490	2,871,757
Fund Cash Balance Beginning of Year	6,430,200	15,666,163	2	0	22,096,365
Fund Cash Balances:					
Restricted	0	17,078,192	2	271,490	17,349,684
Committed	0	121,137	0	0	121,137
Assigned	1,051,718	0	0	0	1,051,718
Unassigned (Deficit)	6,445,583	0	0	0	6,445,583
Fund Cash Balance End of Year	\$7,497,301	\$17,199,329	\$2	\$271,490	\$24,968,122

See accompanying notes to the financial statements.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2018

Note 1 - Reporting Entity

Colerain Township, Hamilton County, Ohio (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, police, fire and emergency medical services, zoning, maintenance of Township roads and bridges, a Senior and Community Center, and historical cemetery maintenance. Component units are legally separate organizations for which the Township is financially accountable. The Township has no component units.

The Township participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool, see Note 7 to the financial statements for additional information.

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

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund cash balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

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

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.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2018

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.

Permissive Motor Vehicle License - This fund receives levied permissive motor vehicle license tax from county auditor.

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

Parks and 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 the operations of the Community Center.

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

TIF-Colerain Towne Center/Rumpke (Rumpke) - This fund received monies from property taxes as a result of tax increment financing.

TIF-Stone Creek - This fund received 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.

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:

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

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

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.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2018

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 Projects Funds:

Neighborhood Stabilization Program (NSP) - transactions related to the purchase of foreclosed or abandoned homes and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline of house values of neighboring homes.

Ohio Public Works Commission (OPWC) - transactions related to the financing for local public infrastructure improvements through both the State Capital Improvement Program (SCIP) and the Local Transportation Improvement Program (LTIP). SCIP is a grant/loan program for roads, bridges, water supply, wastewater treatment, storm water collection, and solid waste disposal. LTIP is a grant program for roads and bridges only.

Basis of Accounting

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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

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

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 re-appropriated.

A summary of 2018 budgetary activity appears in Note 5.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2018

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.

The Township values U.S. Government Agency Notes, U.S. Treasury Bills, Commercial Paper and Certificates of Deposits at cost. Money market mutual funds are recorded at share values the mutual funds report.

Capital Assets

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

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.

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:

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

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.

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.

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 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.

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.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2018

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.

Note 3 – 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 for the Township at December 31, 2018 was as follows:

Demand Deposits	\$1,166,660
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Deposits - Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

The investment values for the Township at December 31, 2018 were as follows:

Investments:

U.S. Government Agency Notes	\$13,005,479
Commercial Paper	7,599,494
Negotiable Certificates of Deposit	740,259
U.S. Treasury Bills	493,761
Money Market	<u>1,962,469</u>
Total Investments	<u>23,801,462</u>
Total Demand Deposits and Investments	<u>\$24,968,122</u>

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.

Note 4 – Property Taxes

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.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2018

Public utilities are also taxed on personal and real property located within the Township.

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

Note 5 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018, was as follows:

Budgeted vs. Actual Receipts:

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$7,687,549	\$7,592,625	(\$94,924)
Special Revenue	25,426,201	27,084,479	1,658,278
Debt Service	936,701	936,701	0
Capital Projects	6,035,090	3,165,420	(2,869,670)
Total	\$40,085,541	\$38,779,225	(\$1,306,316)

Budgeted vs. Actual Budgetary Basis Expenditures:

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$7,911,050	\$6,764,114	\$1,146,936
Special Revenue	27,121,087	25,820,333	1,300,754
Debt Service	936,701	936,701	0
Capital Projects	6,035,090	2,893,930	3,141,160
Total	\$42,003,928	\$36,415,078	\$5,588,850

Note 6 – Debt

The Township's debt for the year ended December 31, 2018 were as follows:

	<u>Principal</u>	<u>Interest Rate</u>
<i>General Obligation Bonds:</i>		
2011 Various Purpose Bonds	\$2,615,000	3.125 - 4.00%
<i>TIF Bonds:</i>		
2015 Kroger TIF Bonds	3,765,000	4.50%
2018 Rumpke TIF Bonds	1,980,000	4.65%
<i>OPWC Loans:</i>		
CB07U Royal Heights Subdivision	357,091	0.00%
CB09U Acre and Gardenia Reconstruction	151,061	0.00%
CB17U Byrneside Drive Resonstruction	50,000	0.00%
Total Debt	\$8,918,152	

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2018

2011 Various Purpose Bonds - were issued 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.

2015 Kroger TIF Bonds - were issued for land acquisition associated with a tax increment financing project. The bonds are subject to repayment based on the tax revenues generated from the project and were not issued as general obligation bonds.

2018 Rumpke TIF Bonds - were issued for road improvements along Struble Road associated with a tax increment financing project. The interest rate is 4.65% and the bonds mature on December 1, 2034.

Ohio Public Works Commission (OPWC) Loans - were issued for the maintenance and reconstruction of various roadways within the Township (Royal Heights Subdivision, Acre and Gardenia, and Byrneside Drive). The OPWC loans are interest free and will be paid over a 20 year period. As of year-end the full amount for each OPWC loan was not received and the projects are on-going.

Amortization of the above debt (excluding the OPWC Loans for which amortization is not yet scheduled), including interest, is scheduled as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$840,000	\$189,320	\$1,029,320
2020	940,000	332,495	1,272,495
2021	1,080,000	294,545	1,374,545
2022	185,000	250,313	435,313
2023	190,000	241,823	431,823
2024-2028	1,105,000	1,068,263	2,173,263
2029-2033	1,385,000	790,230	2,175,230
2034-2038	900,000	497,318	1,397,318
2039-2043	875,000	315,225	1,190,225
2044-2048	860,000	99,000	959,000
	<u>\$8,360,000</u>	<u>\$4,078,532</u>	<u>\$12,438,532</u>

Note 7 – Risk Management

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2018

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017 (most recent information available).

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$5,292,512</u>

The complete audited financial statements for OPRM are available at the Plan's website, www.ohioplan.org.

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System (OPERS)

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10.0% of their gross salaries and the Township contributed an amount equaling 14.0% of participants' gross salaries. Police personnel contribute to OPERS at the rate of 13.0% of their gross salaries. The Township contributes at the rate of 18.1% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2018

<u>Retirement Rates</u>	<u>Year</u>	<u>Member Rate</u>	<u>Employer Rate</u>
OPERS - Local	2012-2018	10.0%	14.0%
OPERS - Law Enforcement	2012-2018	13.0%	18.1%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township’s contractually required contribution was \$1,105,626 for year 2018.

Ohio Police and Fire Retirement System (OPF)

Township’s certified Full-Time Fire Fighters belong to the Police and Fire Pension Fund (OPF). OPF is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPF participants contributed 12.25% of their wages. The Township contributed to OPF an amount equal to 24.00% of full-time fire fighters’ wages. The Township has paid all contributions required through December 31, 2018.

<u>Retirement Rates</u>	<u>Year</u>	<u>Member Rate</u>	<u>Employer Rate</u>
OPF - Full-Time Firefighters	July 1, 2014 - June 30, 2015	11.50%	24.00%
OPF - Full-Time Firefighters	July 1, 2015 - December 31, 2018	12.25%	24.00%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township’s contractually required contribution was \$1,461,203 for year 2018.

Social Security

Several Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2018.

Note 9 – Post Employment Benefits

Both OPERS and OPF offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0.0% during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0% during calendar year 2018. OPF contributes 0.5% to fund these benefits.

Beginning January 1, 2019, OPF is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OPF will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2018

Note 10 – Interfund Transfers

Transfer activity for the year ending December 31, 2018:

2018		
Fund	Transfer In	Transfer Out
General	\$1,743,581	\$1,588,823
Special Revenue:		
Fire District	0	241,219
Zoning	178,630	0
TIF - Stone Creek	0	\$1,743,581
Parks and Services	581,576	0
Community Center	133,135	0
Debt Service:		
Bond Retirement - Parks	304,744	0
Bond Retirement - PW Building	212,688	0
Bond Retirement - Street Scape	178,050	0
Bond Retirement - Special Assessment Fire	241,219	0
	<u>\$3,573,623</u>	<u>\$3,573,623</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. During 2018, transfers out of the General Fund and the Fire District Fund were for the purposes of making debt payments. The TIF - Stone Creek Fund ended and the available balance was able to be transferred into the General Fund during 2018.

Note 11 – 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.

Note 12 – Related Organizations

The Colerain Township, Hamilton County, Community Improvement Corporation, Inc. is an organization related to the Township. It acts as the Township’s agent for economic development.

Note 13 – Joint Venture

Neighboring townships of Colerain, Springfield and Ross have a joint venture for residential solid waste and recycling. The contract is April 1, 2016 to March 31, 2021 and was awarded to Rumpke, after competitive bidding.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2018

Note 14 – Implementation of New Accounting Principles

For fiscal year 2018, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the Township's fiscal year 2018 financial statements; however, there was no effect on beginning fund cash balance.

GASB Statement No. 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. These changes were incorporated in the Township's fiscal year 2018 financial statements; however, there was no effect on beginning fund cash balance.

The Township also implemented the (GASB) Implementation Guide No. 2017-1. These changes were incorporated in the Township's fiscal year 2018 financial statements; however, there was no effect on beginning fund cash balance.

Note 15 – Subsequent Events

The Township did approve to loan the Colerain Township, Hamilton County, Community Improvement Corporation (CIC) \$400,000 and the loan was to be paid back to the Township on or before February 28, 2019. Due to delays in the development of the property, the loan was provided to the CIC in July 2019 and repaid in December 2019.

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OHIO AUDITOR OF STATE KEITH FABER



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SouthwestRegion@ohioauditor.gov

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

Colerain Township
Hamilton County
4200 Springdale Road
Cincinnati, Ohio 45251

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Colerain Township, Hamilton County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated January 11, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2019-001 and 2019-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
January 11, 2021

**COLERAIN TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING 2019-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Term of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; the responsibility includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to deficiencies in the Township's internal controls over financial reporting, the following conditions related to the Township's financial statements and accounting records were identified:

- Charges for Services receipts totaling \$1,399,396 in 2019 and \$1,399,018 in 2018 in the Special Revenue Funds were incorrectly classified as Licenses Permits and Fees receipts.
- Other Financing Receipts from a loan repayment from the Community Improvement Corporation totaling \$360,000 in 2019 in the General Fund was incorrectly classified as Miscellaneous receipts.
- Taxes receipts totaling \$303,353 in 2019 and \$151,327 in 2018 in the Special Revenue Funds were incorrectly classified as Intergovernmental receipts.
- Intergovernmental receipts and Capital Outlay disbursements were each overstated by \$199,898 in 2019 in the Capital Projects Funds.
- Committed Fund Balance totaling \$288,741 in 2019 and \$121,137 in 2018 in the Special Revenue Funds was incorrectly classified as Restricted Fund Balance.
- Budgetary Receipts in the 2019 financial statement footnotes were overstated by \$199,898 in the Capital Projects Funds.
- Budgetary Expenditures in the 2019 financial statement footnotes were understated by \$12,783 and \$112,957 in the General Fund and Special Revenue Funds, respectively, and overstated by \$199,898 in the Capital Projects Funds.
- Budgetary Expenditures in the 2018 financial statement footnotes were understated by \$238,590 and \$291,901 in the General Fund and Special Revenue Funds, respectively.
- Earnings on Investment receipts, Capital Outlay disbursements, and Interest and Fiscal Charges disbursements totaling \$13,694, \$1,505,000, and \$94,570, respectively, in 2019 in the Special Revenue Funds were not posted to the Colerain Towne Center TIF / Rumpke TIF Fund (2903) in the accounting system.
- Sale of Bonds, Discount on Bonds, Earnings on Investment receipts, Bond Issuance Cost disbursements, and Interest and Fiscal Charges disbursements totaling \$1,980,000, \$34,155, \$22,881, \$60,140, and \$59,490, respectively, in 2018 in the Special Revenue Funds were not posted to the Colerain Towne Center TIF / Rumpke TIF Fund (2903) in the accounting system.

In addition to the adjustments listed above, we also identified additional misstatements ranging from \$3,649 to \$48,448 that we have brought to the Township's attention.

**FINDING 2019-001
 (Continued)**

The financial statements and accounting records have been adjusted, where applicable for these errors.

The Township did not have procedures in place for effective monitoring of the Township's financial activity, and the accuracy of accounting and financial reporting. It is important that the Trustees take an active role in monitoring the posting and reporting of such activity. Failure to accurately post and monitor financial activity increases the risk that errors, theft, and fraud could occur and not be detected in a timely manner.

Due care should be exercised when posting entries to the financial records and financial statement preparation. The Township officials should review the Auditor of State Ohio Township Handbook, Auditor of State Bulletin 2011-004, and the chart of accounts to assure that items are being posted to the proper account codes and funds, and update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

FINDING 2019-002

Material Weakness – Budgetary Amounts not recorded in accounting system

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The original certificate and amendments establish the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system.

At December 31, 2019, the budgeted amounts posted to the Township's accounting ledgers varied from the Certificate of Estimated Resources certified by the County Budget Commission as follows:

2019 Funds	Per Certificate of Estimated Resources	Amount Posted to System	Variance
General Fund (1000)	\$6,613,386	\$7,205,038	\$591,652
Gasoline Tax Fund (2021)	327,181	489,773	162,592
Road & Bridge Fund (2031)	1,003,643	1,066,099	62,456
Police District Fund (2081)	7,990,284	8,443,112	452,828
Fire District Fund (2111)	11,153,428	11,895,956	742,528
Law Enforcement Trust Fund (2261)	178,965	354,233	175,268
Ambulance & EMS Fund (2281)	1,462,500	1,531,386	68,886
Community Center Fund (2912)	374,416	412,799	38,383
Ohio Public Works Commission Fund (4409)	5,717,991	6,771,963	1,053,972

In addition, the Final Budgeted Receipts in the 2019 financial statement footnotes were overstated by \$591,652, \$1,727,865, and \$1,053,972 from the Final Certified of Estimated Resources certified by the County Budget Commission for the General Fund, Special Revenue Funds, and Capital Project Funds, respectively.

**FINDING 2019-002
(Continued)**

Failure to accurately post estimated resources to the ledgers could result in overspending, negative cash balances, and inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts, the Township should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources have been properly posted to the ledgers.

2. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issue related to Findings for Recovery. This issue did not impact our GAGAS Compliance and Controls reports.

FINDING NUMBER 2019-003

Finding for Recovery – Daniel Meloy – Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose.

Daniel Meloy's employment contract for Township Administrator beginning on September 13, 2016 through December 31, 2017 included an automobile stipend in the amount of \$500 per month. The total Mr. Meloy should have received for the automobile stipend over the 16 months of the contract was \$8,000. However, the Township paid Mr. Meloy a stipend of \$250 each biweekly pay period from September 30, 2016 through January 19, 2018 totaling \$8,750 resulting in an overpayment of \$750.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is issued against former Administrator Daniel Meloy, and his bonding company, the Ohio Plan Risk Management, Inc., in the amount of \$750 and in favor of the Colerain Township General Fund, in the amount of \$750.

On December 22, 2020, Daniel Meloy paid \$750 and it was receipted into Colerain Township's General Fund. This finding is considered to be paid in full.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

OHIO AUDITOR OF STATE KEITH FABER



COLERAIN TOWNSHIP

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 2/2/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov