

COLERAIN TOWNSHIP



Basic Financial Statements

December 31, 2015 and 2014



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Colerain Township, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2014 through December 31, 2015. 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. The 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

December 5, 2016

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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 of the cash balances, receipts and disbursements by fund type, and related notes of Colerain Township, Ohio, (the Township) as of and for the years ended December 31, 2015 and 2014.

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 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 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 (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 Opinions 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, 2015 and 2014, or changes in financial position 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 combined cash balances of the Township as of December 31, 2015 and 2014, and its combined cash receipts and disbursements 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2016, on our consideration of the Government'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 Government's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

August 29, 2016

**COLERAIN TOWNSHIP
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$490,250	\$17,577,069	\$0	\$0	\$18,067,319
Licenses, Permits and Fees	1,381,488	1,994,058	0	0	3,375,546
Fines and Forfeitures	0	46,841	0	0	46,841
Intergovernmental	627,713	2,563,819	0	256,880	3,448,412
Special Assessments	0	152,527	0	0	152,527
Earnings on Investments	144,398	3,281	0	0	147,679
Miscellaneous	325,916	1,852,476	0	0	2,178,392
<i>Total Cash Receipts</i>	<u>2,969,765</u>	<u>24,190,071</u>	<u>0</u>	<u>256,880</u>	<u>27,416,716</u>
Cash Disbursements					
Current:					
General Government	1,321,458	353,981	0	0	1,675,439
Public Safety	0	17,652,956	0	0	17,652,956
Public Works	929,648	1,920,221	0	0	2,849,869
Health	71,201	0	0	0	71,201
Conservation-Recreation	0	466,227	0	0	466,227
Capital Outlay	89,476	5,229,200	0	256,880	5,575,556
Debt Service:					
Principal Retirement	0	625,000	810,000	0	1,435,000
Interest and Fiscal Charges	0	128,801	237,424	0	366,225
<i>Total Cash Disbursements</i>	<u>2,411,783</u>	<u>26,376,386</u>	<u>1,047,424</u>	<u>256,880</u>	<u>30,092,473</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>557,982</u>	<u>(2,186,315)</u>	<u>(1,047,424)</u>	<u>0</u>	<u>(2,675,757)</u>
Other Financing Receipts (Disbursements)					
Sale of Bonds	0	3,765,000	0	0	3,765,000
Transfers In	0	100,000	1,047,424	0	1,147,424
Transfers Out	(904,990)	(242,434)	0	0	(1,147,424)
Advances In	300,000	1,450,000	0	0	1,750,000
Advances Out	(300,000)	(1,450,000)	0	0	(1,750,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(904,990)</u>	<u>3,622,566</u>	<u>1,047,424</u>	<u>0</u>	<u>3,765,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>(347,008)</u>	<u>1,436,251</u>	<u>0</u>	<u>0</u>	<u>1,089,243</u>
<i>Fund Cash Balances, January 1</i>	<u>5,171,618</u>	<u>12,891,589</u>	<u>0</u>	<u>0</u>	<u>18,063,207</u>
Fund Cash Balances, December 31					
Restricted	0	14,327,840	0	0	14,327,840
Assigned	120,981	0	0	0	120,981
Unassigned (Deficit)	4,703,629	0	0	0	4,703,629
<i>Fund Cash Balances, December 31</i>	<u>\$4,824,610</u>	<u>\$14,327,840</u>	<u>\$0</u>	<u>\$0</u>	<u>\$19,152,450</u>

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

**COLERAIN TOWNSHIP
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$530,736	\$15,068,766	\$0	\$0	\$15,599,502
Licenses, Permits and Fees	1,347,967	1,824,870	0	0	3,172,837
Fines and Forfeitures	0	55,483	0	0	55,483
Intergovernmental	577,964	2,515,045	0	122,500	3,215,509
Special Assessments	0	180,815	0	0	180,815
Earnings on Investments	110,362	3,754	0	0	114,116
Miscellaneous	562,518	1,962,688	0	0	2,525,206
<i>Total Cash Receipts</i>	<u>3,129,547</u>	<u>21,611,421</u>	<u>0</u>	<u>122,500</u>	<u>24,863,468</u>
Cash Disbursements					
Current:					
General Government	1,738,504	416,846	0	0	2,155,350
Public Safety	0	17,210,538	0	0	17,210,538
Public Works	60,825	2,208,499	0	0	2,269,324
Health	68,943	0	0	0	68,943
Human Services	0	0	0	122,500	122,500
Conservation-Recreation	0	1,099,274	0	0	1,099,274
Other	360,000	0	0	0	360,000
Capital Outlay	33,808	981,165	0	0	1,014,973
Debt Service:					
Principal Retirement	0	615,000	985,000	0	1,600,000
Interest and Fiscal Charges	0	51,212	279,782	0	330,994
<i>Total Cash Disbursements</i>	<u>2,262,080</u>	<u>22,582,534</u>	<u>1,264,782</u>	<u>122,500</u>	<u>26,231,896</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>867,467</u>	<u>(971,113)</u>	<u>(1,264,782)</u>	<u>0</u>	<u>(1,368,428)</u>
Other Financing Receipts (Disbursements)					
Transfers In	0	1,266,823	1,264,782	0	2,531,605
Transfers Out	(2,289,914)	(241,691)	0	0	(2,531,605)
Advances In	0	350,000	0	0	350,000
Advances Out	0	(350,000)	0	0	(350,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,289,914)</u>	<u>1,025,132</u>	<u>1,264,782</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(1,422,447)</u>	<u>54,019</u>	<u>0</u>	<u>0</u>	<u>(1,368,428)</u>
<i>Fund Cash Balances, January 1</i>	<u>6,594,065</u>	<u>12,837,570</u>			<u>19,431,635</u>
Fund Cash Balances, December 31					
Restricted	0	12,891,589	0	0	12,891,589
Assigned	548,595	0	0	0	548,595
Unassigned (Deficit)	4,623,023	0	0	0	4,623,023
<i>Fund Cash Balances, December 31</i>	<u>\$5,171,618</u>	<u>\$12,891,589</u>	<u>\$0</u>	<u>\$0</u>	<u>\$18,063,207</u>

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

**COLERAIN TOWNSHIP
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2014 AND 2015**

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 7 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 known as the regulatory basis of accounting and is similar to the modified 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.

**COLERAIN TOWNSHIP
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2014 AND 2015**

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 activities.

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.

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

**COLERAIN TOWNSHIP
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
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TIF – Kroger – This fund received monies from the issuance of bonds 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.

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 received no funding for capital project funds.

E. Budgetary Process

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

1. Appropriations

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

**COLERAIN TOWNSHIP
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2014 AND 2015**

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 re-appropriated.

A summary of 2015 and 2014 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. Non-spendable

The Township classifies assets as *non-spendable* 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 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.

**COLERAIN TOWNSHIP
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2014 AND 2015**

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:

	2014	2015
Demand Deposits	\$1,125,903	\$332,390
Certificates of Deposit	\$0	\$988,259
Total Deposits	<u>\$1,125,903</u>	<u>\$1,320,649</u>
U.S. Treasury Notes	\$1,060,000	\$0
U.S. Agency Notes	\$15,860,782	\$16,831,520
Commercial Paper	\$0	\$997,826
Money Market	\$16,522	\$2,455
Total Investments	<u>\$16,937,304</u>	<u>\$17,831,801</u>
Total Deposits and Investments	<u><u>\$18,063,207</u></u>	<u><u>\$19,152,450</u></u>

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.

**COLERAIN TOWNSHIP
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2014 AND 2015**

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 2014 and 2015 follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,119,547	\$3,129,547	\$10,006
Special Revenue	\$22,988,421	\$22,878,244	\$12,324
Debt Service	\$1,264,783	\$1,264,782	\$0
Capital Projects	\$122,500	\$122,500	\$0
Total	<u>\$27,495,251</u>	<u>\$27,395,073</u>	<u>\$22,330</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriations Authority	Budgetary Expenditures	Variance
General	\$4,957,242	\$4,919,688	\$37,584
Special Revenue	\$25,241,789	\$24,012,748	\$1,229,041
Debt Service	\$1,264,783	\$1,264,783	\$0
Capital Projects	\$122,500	\$122,500	\$0
Total	<u>\$31,586,314</u>	<u>\$30,319,719</u>	<u>\$1,266,625</u>

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,908,482	\$2,969,765	\$61,280
Special Revenue	\$27,907,477	\$28,055,071	\$147,591
Debt Service	\$1,047,424	\$1,047,424	\$0
Capital Projects	\$256,880	\$256,880	\$0
Total	<u>\$32,120,263</u>	<u>\$32,329,140</u>	<u>\$208,871</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriations Authority	Budgetary Expenditures	Variance
General	\$4,119,582	\$3,437,752	\$681,830
Special Revenue	\$28,187,555	\$27,364,214	\$823,341
Debt Service	\$1,047,424	\$1,047,423	\$1
Capital Projects	\$256,880	\$256,880	\$0
Total	<u>\$33,611,441</u>	<u>\$32,106,269</u>	<u>\$1,505,172</u>

**COLERAIN TOWNSHIP
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2014 AND 2015**

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, 2014 and 2015 was as follows:

	Interest Rate	2014
G.O. Bonds:		
2001 Fire Bonds	4.73%	\$555,000
2001 Building Bonds	4.73%	\$490,000
2001 Park Bonds	4.73%	\$700,000
2011 Various Purpose Bonds	2.34%-3.41%	\$5,580,000
Total G.O. Bonds		<u>\$7,325,000</u>

	Interest Rate	2015
G.O. Bonds:		
2001 Fire Bonds	4.73%	\$380,000
2001 Building Bonds	4.73%	\$335,000
2001 Park Bonds	4.73%	\$480,000
2011 Various Purpose Bonds	2.34% - 3.41%	\$4,695,000
Total G.O. Bonds		\$5,890,000
Other Bonds		
2015 Kroger - TIF	4.50%	<u>\$3,765,000</u>
Total All Bonds		<u>\$9,655,000</u>

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.

**COLERAIN TOWNSHIP
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2014 AND 2015**

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

Year				
Ending				Total Debt
31-Dec	Principal		Interest	Service
2016	\$1,500,000		\$393,110	\$1,893,110
2017	\$865,000		\$335,480	\$1,200,480
2018	\$980,000		\$293,975	\$1,273,975
2019	\$910,000		\$263,525	\$1,173,525
2020	\$945,000		\$234,125	\$1,179,125
2025-2035	\$4,455,000		\$1,444,700	\$5,899,700
Totals	<u>\$9,655,000</u>		<u>\$2,964,915</u>	<u>\$12,619,915</u>

6. Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Township employees, other than full-time firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. 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.

**COLERAIN TOWNSHIP
HAMILTON COUNTY**

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Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	Formula:	Formula:
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula:	Formula:	Formula:
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**COLERAIN TOWNSHIP
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December 31, 2014 AND 2015**

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
2015 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2015 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.			
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.			

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Township's contractually required contribution was \$978,394 for year 2015.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - Township full-time firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the

**COLERAIN TOWNSHIP
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**NOTES TO FINANCIAL STATEMENTS
December 31, 2014 AND 2015**

minimum retirement age is 48 for normal service retirement with at least 25 years of service credit. The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police		Firefighters	
2015 Statutory Maximum Contribution Rates				
Employer	19.50	%	24.00	%
Employee:				
January 1, 2015 through July 1, 2015	11.50	%	11.50	%
July 2, 2015 through December 31, 2015	12.25	%	12.25	%
2015 Actual Contribution Rates				
Employer:				
Pension	19.00	%	23.50	%
Post-employment Health Care Benefits	0.50		0.50	
Total Employer	19.50	%	24.00	%
Employee:				
January 1, 2015 through July 1, 2015	11.50	%	11.50	%
July 2, 2015 through December 31, 2015	12.25	%	12.25	%

Employer contribution rates are expressed as a percentage of covered payroll. The Township's contractually required contribution to OPF was \$1,137,975 for 2015.

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. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess

**COLERAIN TOWNSHIP
HAMILTON COUNTY**

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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 placed a 2.0 mill general expense levy on the March 2016 ballot to fund parks, roads and community center. This is an additional tax, outside of the ten-mill limitation.

10. Interfund Transfers

During 2014 and 2015 the following transfers were made:

2014	<u>Transfers In</u>	<u>Transfers Out</u>
General		\$2,289,914
Fire District	\$0	\$241,691
Parks	\$1,000,000	
Zoning	\$174,826	
Community Center	\$91,997	
Bond Retirement - Admin	\$107,388	
Bond Retirement - Parks	\$305,761	
Bond Retirement - Public Works Building	\$213,442	
Bond Retirement - Clippard Park	\$218,400	
Bond Retirement - Streetscape	\$178,100	
Bond Retirement - Fire Assessment Bonds	\$241,691	
Total	<u>\$2,531,605</u>	<u>\$2,531,605</u>

**COLERAIN TOWNSHIP
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2015	<u>Transfers In</u>	<u>Transfers Out</u>
General		\$904,990
Fire District	\$0	\$242,434
Zoning	\$100,000	
Special Assessment Fire Bonds	\$242,434	
Bond Retirement - Admin	\$105,388	
Bond Retirement - Parks	\$304,006	
Bond Retirement - Public Works Building	\$215,296	
Bond Retirement - Streetscape	\$180,300	
Total	<u>\$1,147,424</u>	<u>\$1,147,424</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.

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COLERAIN TOWNSHIP



Yellow Book Report

December 31, 2015 and 2014

**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, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated August 29, 2016 wherein we noted the Township reports on the regulatory basis of accounting and follows financial reporting provisions permitted by Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as described in Note 1.

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, 2016

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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
DECEMBER 15, 2016**