



OHIO AUDITOR OF STATE
KEITH FABER



**COLERAIN TOWNSHIP
HAMILTON COUNTY
DECEMBER 31, 2022 AND 2021**

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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 Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Colerain Township, Hamilton County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 16 to the 2021 financial statements and Note 15 to the 2022 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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
December 11, 2023

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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, 2022

	General	Special Revenue	Capital Projects	Totals
Receipts:				
Property and Other Local Taxes	\$597,234	\$22,282,634	\$0	\$22,879,868
Charges for Services	0	1,899,550	0	1,899,550
Licenses, Permits and Fees	3,396,590	627,575	0	4,024,165
Fines and Forfeitures	0	23,417	0	23,417
Intergovernmental	830,925	7,649,359	0	8,480,284
Special Assessments	0	180,056	0	180,056
Earnings on Investments	339,881	81,105	0	420,986
Miscellaneous	256,756	1,347,857	0	1,604,613
Total Receipts	5,421,386	34,091,553	0	39,512,939
Disbursements:				
Current:				
General Government	1,892,657	441,970	0	2,334,627
Public Safety	0	22,273,784	0	22,273,784
Public Works	1,009,114	3,388,975	0	4,398,089
Health	78,195	0	0	78,195
Conservation - Recreation	0	1,157,692	0	1,157,692
Human Services	0	139,473	0	139,473
Capital Outlay	170,560	1,109,361	0	1,279,921
Debt Service:				
Principal Retirement	0	727,884	64,700	792,584
Interest and Fiscal Charges	0	275,974	0	275,974
Total Disbursements	3,150,526	29,515,113	64,700	32,730,339
Excess of Receipts Over (Under) Disbursements	2,270,860	4,576,440	(64,700)	6,782,600
Other Financing Receipts (Disbursements):				
Other Financing Sources	462,393	0	0	462,393
Other Financing (Uses)	0	(37,320)	0	(37,320)
Sale of Bonds	0	0	12,000,000	12,000,000
Premium and Accrued Interest on Debt	0	0	1,015,136	1,015,136
Advances In	108,297	115,000	0	223,297
Advances (Out)	(115,000)	(108,297)	0	(223,297)
Transfers In	0	1,248,073	0	1,248,073
Transfers (Out)	(1,248,073)	0	0	(1,248,073)
Total Other Financing Receipts (Disbursements)	(792,383)	1,217,456	13,015,136	13,440,209
Net Change in Fund Cash Balance	1,478,477	5,793,896	12,950,436	20,222,809
Fund Cash Balance Beginning of Year	7,404,121	26,087,314	65,630	33,557,065
Fund Cash Balance End of Year	\$8,882,598	\$31,881,210	\$13,016,066	\$53,779,874

See accompanying notes to the financial statements.

Colerain Township
Hamilton County, Ohio
Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Fiscal Year Ended December 31, 2022

	Internal Service
Operating Cash Receipts:	
Charges for Services	<u>\$1,909,304</u>
Total Operating Cash Receipts	<u>1,909,304</u>
Operating Cash Disbursements:	
Claims	<u>1,692,660</u>
Total Operating Cash Disbursements	<u>1,692,660</u>
Net Change in Fund Cash Balance	216,644
Fund Cash Balance Beginning of Year	<u>497,126</u>
Fund Cash Balance End of Year	<u><u>\$713,770</u></u>

See accompanying notes to the financial statements.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2022

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 and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

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:

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

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

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

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

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2022

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

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

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 receives monies from property taxes as a result of tax increment financing.

Parks and Services - This fund receives funds from the general fund, shelter rentals and permit fees to pay for staff and services in Township parks.

Sidewalk Waiver – This fund receives payment from developers in lieu of building sidewalks as part of a development project. The use of these funds is restricted to the construction, maintenance, and repair of sidewalks.

Community Development Block Grant – This fund accounts for grant funding received through Hamilton County from the federal Community Development Block Grant (CDBG) program. The Township receives these funds from the county on a reimbursement basis.

Community Center - This fund receives funds from the general fund and rental to pay for the operation of the community center.

American Rescue Plan - The American Rescue Plan (ARP) Act of 2021 (Pub. L. No. 117-2), a \$1.9 trillion economic COVID-19 stimulus package, was signed into law on March 11, 2021. ARP provides additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses. As part of this package, \$350 billion in additional funding is being provided to state and local governments, as well as additional funding for other areas including, but not limited to, education, rental assistance and transit.

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:

Capital Project-Fire – This fund accounts for transactions related to the financing for two new fire stations for the Township.

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.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2022

Internal Service Fund - This fund accounts for services provided by one department to other departments of the government unit. The Township had the following Internal Service Fund:

Self-funded Insurance Medical Fund - The self-funded insurance medical fund accounts for insurance premium payments from other funds to pay medical claims of employees enrolled in the medical insurance plan.

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 (C). 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 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial 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 unencumbered 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 2022 budgetary activity appears in Note 3.

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. Government Agency Discount Notes, U.S. Treasury Bills, and Negotiable Certificates of Deposits at cost. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2022

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.

Leases

The Township is the lessor/lessee in various leases (as defined by GASB 87) related to buildings, vehicles, and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2022

Note 3 - Budgetary Activity

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

Budgeted vs. Actual Receipts:

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$5,605,568	\$5,992,076	\$386,508
Special Revenue	34,892,507	35,454,626	562,119
Capital Projects	0	13,015,136	13,015,136
Internal Service	1,751,090	1,909,304	158,214
Total	<u>\$42,249,165</u>	<u>\$56,371,142</u>	<u>\$14,121,977</u>

Budgeted vs. Actual Budgetary Basis Expenditures:

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$5,049,433	\$4,782,160	\$267,273
Special Revenue	37,812,237	31,026,379	6,785,858
Capital Projects	64,700	64,700	0
Internal Service	2,000,000	1,720,762	279,238
Total	<u>\$44,926,370</u>	<u>\$37,594,001</u>	<u>\$7,332,369</u>

Note 4 – Deposits and Investments

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments.

A summary of the Township’s deposit and investment accounts was as follows:

Cash Management Pool:

Demand Deposits \$3,895,311

Investments:

U.S. Government Agency Notes \$8,649,125
 Negotiable Certificates of Deposit 5,934,446
 Star Ohio 9,643,709
 U.S. Treasury Bills 2,603,799
 Money Market 12,966,442
 U.S. Government Agency Discount Notes 488,195
 Commercial Paper 10,312,617

Total Investments \$50,598,333

Total carrying amount of deposits and investments held in the Pool \$54,493,644

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Township is holding \$134,250 in unremitted employee payroll withholdings.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2022

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.

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 STAR Ohio and mutual (money market) funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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 6 – Interfund Transfers

Transfer activity for the year ending December 31:

Fund	Transfer In	Transfer (Out)
General Fund	\$0	(\$1,248,073)
Special Revenue:		
Zoning	243,620	0
Parks and Services	974,685	0
Community Center	29,768	0
	<u>\$1,248,073</u>	<u>(\$1,248,073)</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 2022, the General Fund advanced \$115,000 to the Community Development Block Grant Fund to provide working capital for operations or projects. During 2022, \$108,297 of the advance was paid back during the year.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2022

Note 7 – Risk Management

Risk Pool Membership

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.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021 (most recent information available).

Assets	\$21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Workers' Compensation

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.

Self-Insurance

The Township is also self-insured for employee health insurance. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined cost per employee. A comparison of Self Insurance Fund cash and investments to the actuarially measured liability as of December 31 follows:

	<u>2022</u>
Cash and Investments	\$713,770
Actuarial Liabilities	109,123

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2022

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.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10.00 percent of their gross salaries, and the Township contributed an amount equaling 14.00 percent of participants' gross salaries. Police personnel contribute to OPERS at the rate of 13.00 percent of their gross salaries. The Township contributes at the rate of 18.10 percent of the participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System (OP&F)

Township's certified Full-Time Firefighters belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24.00 percent of full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2022.

Social Security

Several Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.20 percent of their gross salaries. The Township contributed an amount equal to 6.20 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Note 9 – Post Employment Benefits

Both OPERS and OP&F 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 0.00 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.00 percent during calendar year 2022. OP&F contributes 0.50 percent to fund these benefits.

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

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2022

Note 10 – Debt

The Township’s debt for the year ended December 31, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
<i>General Obligation Bonds:</i>		
2022 Fire Station Bonds	\$12,000,000	5.00% - 5.25%
<i>TIF Bonds:</i>		
2015 Kroger TIF Bonds	3,550,000	4.50%
2018 Rumpke TIF Bonds	1,765,000	4.65%
<i>OPWC Loans:</i>		
CB07U Royal Heights Subdivision	1,422,083	0.00%
CB09U Acre and Gardenia Reconstruction	310,123	0.00%
CB17U Byrneside Drive Reconstruction	372,588	0.00%
<i>Notes Payable</i>	<u>1,073,986</u>	2.39% - 4.99%
<i>Total Debt</i>	<u><u>\$20,493,780</u></u>	

2022 Fire Station Bonds - were issued to finance the construction of two new fire houses for the Township. The interest rate is between 5.00% and 5.25%, and the bonds mature on December 1, 2052.

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. The maturity date of all OPWC Loans are July 2040.

Notes Payable – several notes payable were issued for a ladder fire truck and multiple police vehicles. The Township disbursed \$391,043 for the notes payable costs for the year ended December 31, 2022.

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Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2022

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Years	Bonds and OPWC Loans		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2023	\$1,041,933	\$812,378	\$330,391	\$35,987	\$2,220,689
2024	916,933	815,033	295,342	25,420	2,052,728
2025	506,933	775,878	249,513	15,933	1,548,257
2026	526,933	757,240	198,740	7,422	1,490,335
2027	546,933	737,645	0	0	1,284,578
2028-2032	3,064,665	3,359,393	0	0	6,424,058
2033-2037	3,104,665	2,734,523	0	0	5,839,188
2038-2042	3,080,800	2,125,688	0	0	5,206,488
2043-2047	3,485,000	1,368,450	0	0	4,853,450
2048-2052	3,145,000	512,400	0	0	3,657,400
	<u>\$19,419,794</u>	<u>\$13,998,628</u>	<u>\$1,073,986</u>	<u>\$84,762</u>	<u>\$34,577,170</u>

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 and Springfield have a joint venture for residential solid waste and recycling. The contract is May 1, 2021 to April 30, 2026 and was awarded to Rumpke, after competitive bidding.

Note 14 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2022

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$268,561	\$1,365,649	\$1,634,210

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue, debt service, and capital projects would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June of 2021 while the national state of emergency continues. During 2022, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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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, 2021

	General	Special Revenue	Debt Service	Capital Projects	Totals
Receipts:					
Property and Other Local Taxes	\$599,413	\$22,059,702	\$0	\$0	\$22,659,115
Charges for Services	0	1,591,744	0	0	1,591,744
Licenses, Permits and Fees	3,631,418	509,807	0	0	4,141,225
Fines and Forfeitures	0	27,664	0	0	27,664
Intergovernmental	1,369,190	8,165,447	0	414,349	9,948,986
Special Assessments	0	161,375	0	0	161,375
Earnings on Investments	222,668	19,124	0	0	241,792
Miscellaneous	902,384	992,944	0	0	1,895,328
Total Receipts	6,725,073	33,527,807	0	414,349	40,667,229
Disbursements:					
Current:					
General Government	2,037,438	317,326	0	0	2,354,764
Public Safety	0	21,426,197	0	0	21,426,197
Public Works	1,026,000	2,037,113	0	0	3,063,113
Health	78,559	0	0	0	78,559
Conservation - Recreation	0	1,170,731	0	0	1,170,731
Human Services	0	252,325	0	0	252,325
Capital Outlay	32,292	1,475,185	0	414,349	1,921,826
Debt Service:					
Principal Retirement	58,466	616,244	905,000	58,466	1,638,176
Interest and Fiscal Charges	0	282,534	36,200	0	318,734
Total Disbursements	3,232,755	27,577,655	941,200	472,815	32,224,425
Excess of Receipts Over (Under) Disbursements	3,492,318	5,950,152	(941,200)	(58,466)	8,442,804
Other Financing Receipts (Disbursements):					
Sale of Capital Assets	11,547	0	0	0	11,547
Other Financing Sources	282,775	0	0	0	282,775
Other Financing (Uses)	0	(16,775)	0	0	(16,775)
Advances In	52,500	52,500	0	0	105,000
Advances (Out)	(52,500)	(52,500)	0	0	(105,000)
Transfers In	0	1,896,976	941,200	0	2,838,176
Transfers (Out)	(2,593,776)	(244,400)	0	0	(2,838,176)
Total Other Financing Receipts (Disbursements)	(2,299,454)	1,635,801	941,200	0	277,547
Net Change in Fund Cash Balance	1,192,864	7,585,953	0	(58,466)	8,720,351
Fund Cash Balance Beginning of Year, Restated	6,211,257	18,501,361	0	124,096	24,836,714
Fund Cash Balance End of Year	\$7,404,121	\$26,087,314	\$0	\$65,630	\$33,557,065

See accompanying notes to the financial statements.

Colerain Township
Hamilton County, Ohio
Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Fiscal Year Ended December 31, 2021

	Internal Service
Operating Cash Receipts:	
Charges for Services	<u>\$937,123</u>
Total Operating Cash Receipts	<u>937,123</u>
Operating Cash Disbursements:	
Claims	<u>439,997</u>
Total Operating Cash Disbursements	<u>439,997</u>
Net Change in Fund Cash Balance	497,126
Fund Cash Balance Beginning of Year	<u>0</u>
Fund Cash Balance End of Year	<u><u>\$497,126</u></u>

See accompanying notes to the financial statements.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2021

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 and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

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:

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

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

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

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

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2021

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

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

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 receives monies from property taxes as a result of tax increment financing.

Parks and Services - This fund receives funds from the general fund, shelter rentals and permit fees to pay for staff and services in Township parks.

Sidewalk Waiver – This fund receives payment from developers in lieu of building sidewalks as part of a development project. The use of these funds is restricted to the construction, maintenance, and repair of sidewalks.

Community Development Block Grant – This fund accounts for grant funding received through Hamilton County from the federal Community Development Block Grant (CDBG) program. The Township receives these funds from the county on a reimbursement basis.

Community Center - This fund receives funds from the general fund and rental to pay for the operation of the community center.

Coronavirus Relief Funds – These funds (Coronavirus Relief Fund - State and Coronavirus Relief Fund - Hamilton County) are to provide direct payments to the township to cover necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID–19), costs that were not accounted for in the government’s most recently approved budget as of March 27, 2020, and costs that were incurred during the period that begins on March 1, 2020 and was extended through December 30, 2021, per section 601(d) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

American Rescue Plan - The American Rescue Plan (ARP) Act of 2021 (Pub. L. No. 117-2), a \$1.9 trillion economic COVID-19 stimulus package, was signed into law on March 11, 2021. ARP provides additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses. As part of this package, \$350 billion in additional funding is being provided to state and local governments, as well as additional funding for other areas including, but not limited to, education, rental assistance and transit.

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, 2021

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 Fund:

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.

Internal Service Fund - This fund accounts for services provided by one department to other departments of the government unit. The Township had the following Internal Service Fund:

Self-funded Insurance Medical Fund - The self-funded insurance medical fund accounts for insurance premium payments from other funds to pay medical claims of employees enrolled in the medical insurance plan.

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 (C). 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 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial 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 unencumbered 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 2021 budgetary activity appears in Note 3.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2021

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. Government Agency Discount Notes, U.S. Treasury Bills, and Negotiable Certificates of Deposits at cost. Investments in Star Ohio and money market mutual funds are not evidenced by securities that exist in physical or book-entry form.

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2021

unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Note 3 - Budgetary Activity

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

Budgeted vs. Actual Receipts:

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$7,115,859	\$7,019,395	(\$96,464)
Special Revenue	34,592,305	35,424,783	832,478
Debt Service	941,200	941,200	0
Capital Projects	123,166	414,349	291,183
Internal Service	936,086	937,123	1,037
Total	<u>\$43,708,616</u>	<u>\$44,736,850</u>	<u>\$1,028,234</u>

Budgeted vs. Actual Budgetary Basis Expenditures:

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$6,987,222	\$5,964,575	\$1,022,647
Special Revenue	32,346,280	29,540,739	2,805,541
Debt Service	941,200	941,200	0
Capital Projects	58,466	472,815	(414,349)
Internal Service	756,936	439,997	316,939
Total	<u>\$41,090,104</u>	<u>\$37,359,326</u>	<u>\$3,730,778</u>

Note 4 – Deposits and Investments

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments.

A summary of the Township's deposit and investment accounts were as follows:

Cash Management Pool:

Demand Deposits	\$9,279,784
Investments:	
U.S. Government Agency Notes	\$9,099,644
Negotiable Certificates of Deposit	7,919,825
Star Ohio	5,503,525
U.S. Treasury Bills	1,576,332
Money Market	400,647
U.S. Government Agency Discount Notes	274,434
Total Investments	<u>\$24,774,407</u>
Total carrying amount of deposits and investments held in the Pool	<u>\$34,054,191</u>

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2021

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$131,439 in unremitted employee payroll withholdings.

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.

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 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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 6 – Interfund Transfers

Transfer activity for the year ending December 31:

Fund	Transfer In	Transfer (Out)
General Fund	\$0	\$2,593,776
Special Revenue:		
Fire District	0	244,400
Zoning	238,635	0
Sidewalk Waiver	275,957	
Parks and Services	988,655	0
Community Center	393,729	0
Debt Service:		
Bond Retirement - Parks	306,800	0
Bond Retirement - Public Works Building	213,200	0
Bond Retirement - Streetscape	176,800	0
Bond Retirement - Fire	244,400	0
	\$2,838,176	\$2,838,176

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2021

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 2021, transfers out of the General Fund and the Fire District Fund were for the purposes of making debt payments.

During 2021, the General Fund advanced \$52,500 to the Community Development Block Grant Fund to provide working capital for operations or projects. The advance was paid back before the year ended.

Note 7 – Risk Management

Risk Pool Membership

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.

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, 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. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. 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. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020 (most recent information available).

Assets	\$18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u><u>\$5,296,707</u></u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2021

Workers' Compensation

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.

Self-Insurance

The Township is also self-insured for employee health insurance. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined cost per employee. A comparison of Self Insurance Fund cash and investments to the actuarially measured liability as of December 31 follows:

	<u>2021</u>
Cash and Investments	\$497,126
Actuarial Liabilities	241,603

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.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10.00 percent of their gross salaries, and the Township contributed an amount equaling 14.00 percent of participants' gross salaries. Police personnel contribute to OPERS at the rate of 13.00 percent of their gross salaries. The Township contributes at the rate of 18.10 percent of the participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System (OP&F)

Township's certified Full-Time Firefighters belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24.00 percent of full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2021.

Social Security

Several Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.20 percent of their gross salaries. The Township contributed an amount equal to 6.20 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2021

Note 9 – Post Employment Benefits

Both OPERS and OP&F 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 0.00 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.00 percent during calendar year 2021. OP&F contributes 0.50 percent to fund these benefits.

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

Note 10 – Debt

The Township’s debt for the year ended December 31, was as follows:

	Principal	Interest Rate
	<u>Principal</u>	<u>Rate</u>
<i>TIF Bonds:</i>		
2015 Kroger TIF Bonds	\$3,625,000	4.50%
2018 Rumpke TIF Bonds	1,875,000	4.65%
<i>OPWC Loans:</i>		
CB07U Royal Heights Subdivision	1,501,088	0.00%
CB09U Acre and Gardenia Reconstruction	327,353	0.00%
CB17U Byrneside Drive Reconstruction	393,287	0.00%
<i>Notes Payable</i>	<u>1,003,699</u>	2.39% - 4.99%
<i>Total Debt</i>	<u><u>\$8,725,427</u></u>	

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. The maturity date of all OPWC Loans are July 2040.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2021

Notes Payable – several notes payable were issued for a ladder fire truck and multiple police vehicles. The Township disbursed \$399,844 for the notes payable costs for the year ended December 31, 2021.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Years	TIF Bonds and OPWC Loans		Capital Leases		Total
	Principal	Interest	Principal	Interest	
2022	\$301,933	\$250,313	\$289,522	\$25,662	\$867,430
2023	306,933	241,823	246,836	18,019	813,611
2024	321,933	233,108	207,618	11,621	774,280
2025	326,933	223,703	157,412	6,511	714,559
2026	336,933	214,065	102,042	2,596	655,636
2027-2031	1,849,665	909,053	0	0	2,758,718
2032-2036	1,774,665	599,258	0	0	2,373,923
2037-2041	1,267,733	389,025	0	0	1,656,758
2042-2046	1,005,000	191,475	0	0	1,196,475
2047-2048	230,000	10,350	0	0	240,350
	<u>\$7,721,728</u>	<u>\$3,262,173</u>	<u>\$1,003,430</u>	<u>\$64,409</u>	<u>\$12,051,740</u>

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 and Springfield have a joint venture for residential solid waste and recycling. The contract is May 1, 2021 to April 30, 2026 and was awarded to Rumpke, after competitive bidding.

Colerain Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2021

Note 14 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$138,044	\$1,701,909	\$1,839,953

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue, debt service, and capital projects would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 15 – Prior Period Adjustment

The Township had duplicate postings of disbursements included in the prior year financial statements. This resulted in a restatement of the prior period cash balance.

Fund Cash Balance	Special Revenue
December 31, 2020	\$18,500,855
Duplicate postings of Disbursements	506
December 31, 2020, Restated	\$18,501,361

Note 16 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June of 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

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 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Colerain Township, Hamilton County, (the Township), and have issued our report thereon dated December 11, 2023, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code §117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

Report on 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) as a basis for designing 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 Township'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001, that we consider to be a material weakness.

Report on 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 financial statements. 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 Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
December 11, 2023

**COLERAIN TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-001

Material Weakness – Budgetary Amounts Not Recorded in Accounting System

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts 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 properly posted to the accounting system.

At December 31, 2022, 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.

Funds	Per Certificate of Estimated Resources	Amount Posted to System	Variance
1000 General Fund	\$5,605,568	\$4,889,885	\$715,683
2011 MVL Tax Fund	218,551	45,636	172,915
2081 Police Fund	8,263,039	7,916,579	346,460
2111 Fire Fund	14,788,650	14,372,141	416,509
2231 Permissive Mtr VLT Fund	570,272	648,500	(78,228)
2261 Law Enforcement Trust Fund	509,794	358,190	151,604
2281 EMS Fund	1,772,441	1,519,780	252,661
2901 Kroger TIF Fund	334,520	417,000	(82,480)
2903 Colerain Towne Ctr TIF Fund	483,924	629,135	(145,211)
2908 CDBG Fund	216,195	309,530	(93,335)
2911 Parks and Services Fund	1,075,520	993,485	82,035
6001 Self Insurance Fund	1,751,090	2,323,678	(572,588)

At December 31, 2021, 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.

**FINDING NUMBER 2022-001
(Continued)**

Funds	Per Certificate of Estimated Resources	Amount Posted to System	Variance
1000 General Fund	\$7,115,859	\$7,703,626	(\$587,767)
2081 Police Fund	8,108,516	8,409,896	(301,380)
2111 Fire Fund	14,802,838	15,119,800	(316,962)
2231 Permissive Mtr VLT Fund	615,643	680,926	(65,283)
2261 Law Enforcement Trust Fund	96,350	222,932	(126,583)
2281 EMS Fund	1,538,596	1,606,569	(67,973)
2906 Sidewalk Waiver Fund	279,203	0	279,203
2912 Community Center Fund	460,409	515,773	(55,364)
4409 OPWC Fund	0	58,466	(58,466)
6001 Self Insurance Fund	936,086	1,119,123	(183,037)

Failure to accurately post the estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to 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.

Officials' Response:

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

TRUSTEES
 Cathy Ulrich
 Daniel Unger
 Mail Wahlert

FISCAL OFFICER
 Jeffrey D Baker

ADMINISTRATOR
 Jeff Weckbach

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2022 AND 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	AU-C Section 210, <i>Term of Engagement</i> , paragraph .06, management acknowledges it is their responsibility for preparation and fair presentation of their financial statements.	Partially Corrected	Reissued in the Management Letter
2020-002	Budgetary amounts were not properly recorded in the accounting system	Not Corrected	Reissued as Finding 2022-001

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 12/21/2023

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