



**Auditor of State
Betty Montgomery**

ANDERSON TOWNSHIP
HAMILTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2002.....	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15
Schedule of Prior Audit Findings	17

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Anderson Township
Hamilton County
7954 Beechmont Avenue
Cincinnati, Ohio 45255

To the Board of Trustees:

We have audited the accompanying financial statements of Anderson Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Township's financial payroll transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 16, 2004

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Local Taxes	\$96,639	\$8,844,305	\$0	\$0	\$8,940,944
Intergovernmental	2,680,748	1,087,319	0	1,892,265	5,660,332
Special Assessments	1,454	88,949	12,213	0	102,616
Payment in Lieu of Taxes	0	0	0	5,400,914	5,400,914
Charges for Services	0	589,950	0	0	589,950
Licenses, Permits, and Fees	0	73,951	0	0	73,951
Fines, Forfeitures, and Penalties	38,870	0	0	0	38,870
Earnings on Investments	307,204	0	301	0	307,505
Other Revenue	596,171	70,628	233	25,582	692,614
	<u>3,721,086</u>	<u>10,755,102</u>	<u>12,747</u>	<u>7,318,761</u>	<u>21,807,696</u>
Cash Disbursements:					
Current:					
General Government	1,794,209	428,294	0	0	2,222,503
Public Safety	881	7,159,604	0	0	7,160,485
Public Works	65,300	2,567,700	0	0	2,633,000
Health	85,311	0	0	0	85,311
Conservation - Recreation	1,519	13,977	0	0	15,496
Debt Service:					
Redemption of Principal	0	0	12,833	0	12,833
Interest and Fiscal Charges	0	6,160	3,885	0	10,045
Capital Outlay	13,830	127,322	0	8,525,922	8,667,074
	<u>1,961,050</u>	<u>10,303,057</u>	<u>16,718</u>	<u>8,525,922</u>	<u>20,806,747</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>1,760,036</u>	<u>452,045</u>	<u>(3,971)</u>	<u>(1,207,161)</u>	<u>1,000,949</u>
Other Financing Receipts and (Disbursements):					
Proceeds of Loan	0	0	0	1,232,327	1,232,327
Transfers-In	395,806	400,000	0	0	795,806
Transfers-Out	(400,000)	(182,024)	0	(213,782)	(795,806)
	<u>(4,194)</u>	<u>217,976</u>	<u>0</u>	<u>1,018,545</u>	<u>1,232,327</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,755,842	670,021	(3,971)	(188,616)	2,233,276
Fund Cash Balances, January 1	9,380,003	7,526,382	128,401	6,577,394	23,612,180
Fund Cash Balances, December 31	<u>\$11,135,845</u>	<u>\$8,196,403</u>	<u>\$124,430</u>	<u>\$6,388,778</u>	<u>\$25,845,456</u>
Reserve for Encumbrances, December 31	<u>\$210,195</u>	<u>\$380,503</u>	<u>\$0</u>	<u>\$1,755,212</u>	<u>\$2,345,910</u>

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

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Local Taxes	\$88,408	\$8,608,678	\$0	\$0	\$8,697,086
Intergovernmental	3,137,035	810,164	0	499,106	4,446,305
Special Assessments	0	80,945	0	0	80,945
Payment in Lieu of Taxes	0	0	23,366	4,029,584	4,052,950
Charges for Services	0	542,765	0	0	542,765
Licenses, Permits, and Fees	0	35,026	0	0	35,026
Fines, Forfeitures, and Penalties	28,385	0	0	0	28,385
Earnings on Investments	451,728	6,497	0	0	458,225
Other Revenue	640,691	104,981	10	0	745,682
Total Cash Receipts	<u>4,346,247</u>	<u>10,189,056</u>	<u>23,376</u>	<u>4,528,690</u>	<u>19,087,369</u>
Cash Disbursements:					
Current:					
General Government	1,545,650	315,639	0	0	1,861,289
Public Safety	1,119	6,296,348	0	0	6,297,467
Public Works	59,811	2,095,178	0	0	2,154,989
Health	83,721	0	0	0	83,721
Conservation - Recreation	1,713	788,414	0	0	790,127
Debt Service:					
Redemption of Principal	0	0	197,832	0	197,832
Interest and Fiscal Charges	0	0	13,107	0	13,107
Capital Outlay	7,557	152,175	0	3,688,515	3,848,247
Total Cash Disbursements	<u>1,699,571</u>	<u>9,647,754</u>	<u>210,939</u>	<u>3,688,515</u>	<u>15,246,779</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>2,646,676</u>	<u>541,302</u>	<u>(187,563)</u>	<u>840,175</u>	<u>3,840,590</u>
Other Financing Receipts and (Disbursements):					
Proceeds of Loan	0	0	0	564,621	564,621
Transfers-In	0	489,366	210,000	0	699,366
Transfers-Out	(699,366)	0	0	0	(699,366)
Total Other Financing Receipts/(Disbursements)	<u>(699,366)</u>	<u>489,366</u>	<u>210,000</u>	<u>564,621</u>	<u>564,621</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	1,947,310	1,030,668	22,437	1,404,796	4,405,211
Fund Cash Balances, January 1	<u>7,432,693</u>	<u>6,495,713</u>	<u>105,964</u>	<u>5,172,597</u>	<u>19,206,967</u>
Fund Cash Balances, December 31 (See Note 8)	<u>\$9,380,003</u>	<u>\$7,526,381</u>	<u>\$128,401</u>	<u>\$6,577,393</u>	<u>\$23,612,178</u>
Reserve for Encumbrances, December 31	<u>\$202,682</u>	<u>\$690,630</u>	<u>\$0</u>	<u>\$2,814,627</u>	<u>\$3,707,939</u>

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

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Anderson Township, Hamilton County, Ohio (the Township), is a body corporate and politic established 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 provides road and bridge maintenance, fire protection and emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit, U.S. Treasury Notes, and Repurchase Agreements are valued at cost. The investment in STAR Ohio is recorded at share values reported by the State Treasurer.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire District Fund - This fund receives tax money for the operating expenses incurred by the Township's fire department.

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

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following Debt Service Fund:

General Bond-Note Retirement Fund – This fund is subsidized by the General Fund for the retirement of debt.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

TIF Fund - This fund receives money in lieu of taxes for improvements to certain parcels of land.

Sherman/Coolidge/Brooke/Shirmer Fund – This fund receives money from Ohio Public Works Commission for street improvements.

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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

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

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2003	2002
Demand deposits	\$5,480,636	(\$232,042)
Certificates of deposit	420,700	420,700
Total deposits	5,901,336	188,658
State & Local Government Securities	10,984	10,984
U.S. Treasury Notes	2,268,624	2,224,295
STAR Ohio	14,557,711	14,397,595
Repurchase agreement	3,106,801	6,790,646
Total investments	19,944,120	23,423,520
Total deposits and investments	\$25,845,456	\$23,612,178

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments: U.S. Treasury Notes 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. Equity securities are held in book entry form by a financial institution's trust department in the Township's name.

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form. U.S. Bank transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,710,700	\$4,116,892	\$1,406,192
Special Revenue	12,962,320	11,155,102	(1,807,218)
Debt Service	0	12,747	12,747
Capital Projects	5,826,500	8,551,088	2,724,588
Total	\$21,499,520	\$23,835,829	\$2,336,309

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,112,708	\$2,571,245	\$541,463
Special Revenue	16,366,286	10,865,584	5,500,702
Debt Service	18,239	16,718	1,521
Capital Projects	12,143,627	10,494,916	1,648,711
Total	\$31,640,860	\$23,948,463	\$7,692,397

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,223,275	\$4,346,247	\$122,972
Special Revenue	11,189,960	10,678,422	(511,538)
Debt Service	234,275	233,376	(899)
Capital Projects	4,528,700	5,093,311	564,611
Total	\$20,176,210	\$20,351,356	\$175,146

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,811,044	\$2,601,619	\$1,209,425
Special Revenue	15,601,307	10,338,384	5,262,923
Debt Service	211,368	210,939	429
Capital Projects	7,199,885	6,503,142	696,743
Total	\$26,823,604	\$19,654,084	\$7,169,520

Contrary to Ohio law, the Forrest and Sunray Capital Project funds and the Public Safety Special Revenue fund, budgetary expenditures exceeded appropriation authority by \$443,139, \$121,483, and \$301,898 for the year ended December 31, 2002, respectively. For the year ended December 31, 2003, the Forrest, Sunray, and Sherman/Shirmer Capital Project funds, budgetary expenditures exceeded appropriation authority by \$162,760, \$271,867, and \$2,025,039, respectively.

4. PROPERTY TAX

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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, 2003 was as follows:

	Principal	Interest Rate
Assessment Limited Tax Bonds	\$51,332	5.5%
OPWC - Forrest	605,898	3.0%
OPWC - Ayershire	393,350	3.0%
OPWC - Sherman/Coolidge/Brooke/Shirmer	797,700	3.0%
Total	\$1,848,280	

The Township issued Assessment Limited Tax Bonds on September 30, 1997, for \$128,327 for the improvement of Lawyer's Pointe Drive. Interest and principal payments are due semiannually to Firststar Bank. The bonds are collateralized solely by the Township taxing authority.

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. DEBT (Continued)

The Township was awarded \$730,202 by the Ohio Public Works Commission on July 1, 2001, for the Forrest Park Subdivision street improvements projects. Of this money, \$605,898 has been expended for the completion of the project as of December 31, 2003. An amortization schedule has been established for the repayment of the loan. The loan is collateralized by township tax revenue.

The Township was awarded \$655,000 by the Ohio Public Works Commission on July 1, 2001, for the Ayershire/Wilshire/Sunray street reconstruction project. Of this money, \$393,350 has been expended for the completion of the project as of December 31, 2003. An amortization schedule for the loan will be established once the project is complete. The loan is collateralized by township tax revenue.

The Township was awarded \$1,515,630 by the Ohio Public Works Commission on July 1, 2002, for the Sherman/Coolidge/Brooke/ Shirmer storm sewer detention and paving project. Of this money, \$717,930 was from a grant and \$797,700 was from a loan. During the audit period, the grant and the loan amounts were fully expended. An amortization schedule for the loan will be established now that the project is complete. The loan is collateralized by township tax revenue.

The Township received loans from Ohio Public Works Commission for various street improvements. Interest and principal payments are due semiannually.

Amortization of the above debt, excluding Ayershire and Sherman/Coolidge/Brooke Shirmer OPWC debt, including interest, is scheduled as follows:

Year ended December 31:	Assessment Limited Tax Bonds	Forrest Park OPWC Loan	Total
2004	\$15,656	\$35,291	\$50,947
2005	14,950	70,582	85,532
2006	14,245	70,582	84,827
2007	13,537	70,582	84,119
2008	0	70,582	70,582
2009 - 2013	0	352,910	352,910
2014 - 2018	0	35,291	35,291
Total	\$58,388	\$705,820	\$764,208

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. Members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RISK MANAGEMENT

Risk Pool Membership

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

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	(11,791,300)	(9,197,512)
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>

ANDERSON TOWNSHIP
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

7. RISK MANAGEMENT (Continued)

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$6,791,060	\$6,596,996
Liabilities	<u>(750,956)</u>	<u>(1,204,326)</u>
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Anderson Township
Hamilton County
7954 Beechmont Avenue
Cincinnati, Ohio 45255

To the Board of Trustees:

We have audited the accompanying financial statements of Anderson Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated December 16, 2004. The Township's payroll transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 and 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated December 16, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the Township in a separate letter dated December 16, 2004.

Corporate Center of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577
www.auditor.state.oh.us

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 16, 2004

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Noncompliance

Ohio Rev. Code, Section 5705.41(B), provides that no subdivision or taxing unit is to expend money unless it has been appropriated. The Township had expenditures in excess of appropriations during fiscal year 2003 and 2002 in the following funds:

Fiscal year	Fund Type	Fund	Budget	Expenditures	Amount of excess
2003	Capital Projects	Forrest – OPWC	\$ 0	\$ 162,760	\$ 162,760
2003	Capital Projects	Sunray – OPWC	0	271,867	271,867
2003	Capital Projects	Sherman – OPWC	0	2,025,039	2,025,039
2002	Capital Projects	Forrest – OPWC	0	\$ 443,139	\$ 443,139
2002	Capital Projects	Sunray – OPWC	0	121,483	121,483
2002	Special Revenue	Public Safety	0	301,898	301,898

Failure to review and monitor budgets and expenditures could lead to overspending and result in negative fund balances.

The Board of Trustees and Clerk should review budgets and monthly expenditures to determine whether action should be taken to amend official budgetary documents.

FINDING NUMBER 2003-002

Noncompliance

Ohio Rev. Code, Section 5705.39, states that the total appropriation from each fund should not exceed the total estimated revenue. For fiscal year 2002, appropriations exceeded estimated revenue for the following funds:

Fund Type	Fund	Estimated Revenues	Appropriation	Variance
Special Revenue	Gasoline Tax	\$ 75,288	\$ 76,000	\$ (712)
Special Revenue	Road & Bridge	3,398,230	4,782,400	(1,384,170)
Special Revenue	Permanent MVL	403,757	475,000	(71,243)
Special Revenue	Old Fort	25,882	25,900	(18)
Special Revenue	YMCA	144,971	145,000	(29)
Capital Projects	Permanent Improvement	226,449	226,500	(51)

Failure to review budgetary information and compare appropriations to estimated resources could lead to overspending and result in negative fund balances.

The Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

This page intentionally left blank.

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-40431-001 2000-40431-001	Revised Code 5705.41(D), Failure to certify funds.	Yes	
2001-40431-002 2000-40431-002	Revised Code 5705.39, Appropriations exceeded estimated revenue.	No	Reissued as 2003-002.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

ANDERSON 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
JANUARY 20, 2005**