

Anderson Township, Ohio



Anderson Township

Basic Financial Statements

December 31, 2013



Dave Yost • Auditor of State

Board of Trustees
Anderson Township
7850 Five Mile Road
Cincinnati, Ohio 45230

We have reviewed the *Independent Auditor's Report* of Anderson Township, Hamilton County, prepared by Plattenburg Certified Public Accountants, for the audit period January 1, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Anderson Township is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

September 9, 2014

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INDEPENDENT AUDITOR'S REPORT

Anderson Township
Hamilton County
7850 Five Mile Road
Cincinnati, Ohio 45230

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anderson Township, Ohio, (the Township) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2013, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General Fund and Fire District Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Township's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net position (modified cash basis), changes in net position (modified cash basis) and governmental activities (modified cash basis). These tables provide additional analysis and are not a required part of the basic financial statements.

These tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in the Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2014, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Plattensburg & Associates, Inc.

Plattensburg & Associates, Inc.

Cincinnati, Ohio

July 30, 2014

**Anderson Township
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2013
(Unaudited)**

This discussion and analysis of the financial performance of Anderson Township (the Township), provides an overall review of the Township's financial activities for the year ended December 31, 2013, within the limitations of the Township's use of modified cash basis accounting. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Township's financial performance.

Financial Highlights

Key highlights for 2013 are as follows:

- Net Position of governmental activities decreased by \$533,153 from the prior year.
- The Township's most significant sources of receipts are property taxes and other local taxes and intergovernmental receipts, which include local government funds. These receipts represent approximately 57% of the total governmental activities receipts.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, "*Basic Financial statements – and Management's Discussion and Analysis – for State and Local Governments*", as applicable to the modified cash basis of accounting.

Report Components

The Statement of Net Position and the Statement of Activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanations and details regarding the information reported in the financial statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements using the modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**Anderson Township
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2013
(Unaudited)**

As a result of using the modified cash basis of accounting, certain assets and their related receipts (such as accounts receivable) and certain liabilities and their related disbursements (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

The Township adopted a policy of preparing its financial statements on the modified cash basis of accounting to properly present investments.

Reporting the Township as a Whole

The Statement of Net Position and the Statement of Activities reflect how the Township did financially during 2013, within the limitations of use of modified cash basis accounting. The Statement of Net Position presents the cash balances of the governmental activities of the Township at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include (where applicable) charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in the major local receipts sources such as property taxes.

In the Statement of Net Position and the Statement of Activities, the Township has only governmental activities. Most of the Township's basic services are reported here, including general government, public safety, and public works, such as road and bridge construction and maintenance. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds, not about the Township as a whole. The Township has established separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial

**Anderson Township
Management’s Discussion and Analysis
For the Fiscal Year Ended December 31, 2013
(Unaudited)**

resources that can be spent to finance the Township’s programs. The Township’s significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

Table 1 below provides a summary of the Township’s net position for 2013 compared to 2012 on a modified cash basis:

Table 1
Net Position (Modified Cash Basis)

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Assets		
Equity in Pooled Cash and Investments	<u>\$34,218,877</u>	<u>\$34,752,030</u>
Total Assets	<u>34,218,877</u>	<u>34,752,030</u>
Net Position		
Restricted	17,361,301	18,512,177
Unrestricted	<u>16,857,576</u>	<u>16,239,853</u>
Total Net Position	<u>\$34,218,877</u>	<u>\$34,752,030</u>

As mentioned previously, net position of governmental activities decreased by \$533,153 during 2013. The main reason for this decrease in net position was due to an increase in capital outlay disbursements.

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**Anderson Township
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2013
(Unaudited)**

Table 2 below reflects the changes in net position in 2013.

Table 2
Changes in Net Position (Modified Cash Basis)

	<u>2013</u>	<u>2012</u>
Receipts		
Program Receipts:		
Charges for Services	\$1,454,848	\$1,702,888
Operating Grants and Contributions	302,513	295,063
Capital Grants and Contributions	2,012,787	1,142,684
Total Program Receipts	<u>3,770,148</u>	<u>3,140,635</u>
General Receipts:		
Property Taxes	14,180,694	14,204,845
Grants and Entitlements	4,409,607	3,028,114
Payments in Lieu of Taxes	8,614,330	8,654,276
Investment Earnings	51,439	163,349
Casino Receipts	1,000,000	0
Other	409,658	588,417
Total General Receipts	<u>28,665,728</u>	<u>26,639,001</u>
Total Receipts	<u>32,435,876</u>	<u>29,779,636</u>
Program Disbursements		
General Government	3,712,592	3,676,500
Public Safety	12,159,473	11,875,179
Public Works	2,474,550	2,538,850
Health	97,756	96,738
Conservation - Recreation	16,206	22,227
Capital Outlay	11,230,430	8,381,388
Debt Service (principal & interest)	3,278,022	3,288,006
Total Program Disbursements	<u>32,969,029</u>	<u>29,878,888</u>
Change in Net Position	(533,153)	(99,252)
Net Position Beginning of Year	<u>37,752,030</u>	<u>34,851,282</u>
Net Position End of Year	<u>\$ 37,218,877</u>	<u>\$ 34,752,030</u>

Program receipts represent 11.6% of total receipts and are comprised of charges for services, operating grants and contributions and capital grants and contributions.

General receipts represent 88.4% of total receipts and approximately 49.5% of those receipts are property taxes. Grants and entitlements make up 15.4% of the balance of general receipts. Payments in Lieu of Taxes make up 30% of the balance of general receipts. Other sources of receipts are of lesser significance and are somewhat unpredictable in nature.

**Anderson Township
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2013
(Unaudited)**

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. Public Safety is the costs of fire protection services. Public Works is the cost of maintaining and repairing roads, bridges, and similar items of the Township, which fluctuates from year to year based on the number of projects.

Capital Outlay increased mainly due to an increase in the amount of money spent on various repairs and capital projects. Capital Grants and Contributions increased mainly due to an increase in capital grants received for various capital projects throughout the township.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government, public safety and public works of all governmental disbursements, respectively. The next column of the statement entitled program receipts identifies amounts paid by people who are directly charged for the service (if any) and grants received by the Township that must be used to provide a specific service. The net receipt (disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3 below:

Table 3
Governmental Activities (Modified Cash Basis)

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
General Government	\$3,712,592	\$3,676,500	(\$3,055,951)	(\$2,988,947)
Public Safety	12,159,473	11,875,179	(11,450,852)	(11,032,331)
Public Works	2,474,550	2,538,850	(2,082,451)	(2,071,300)
Health	97,756	96,738	(97,756)	(96,738)
Conservation - Recreation	16,206	22,227	(16,206)	(22,227)
Capital Outlay	11,230,430	8,381,388	(9,217,643)	(7,238,704)
Debt Service - Principal & Interest	3,278,022	3,288,006	(3,278,022)	(3,288,006)
Total Disbursements	<u>\$32,969,029</u>	<u>\$29,878,888</u>	<u>(\$29,198,881)</u>	<u>(\$26,738,253)</u>

The Township's Funds

Total governmental funds had receipts of \$32,435,876 and disbursements of \$32,969,029. The Township experienced an increase in intergovernmental receipts in 2013 as compared to 2012. The Township also experienced an increase in capital outlay disbursements in 2013 as compared to 2012.

General Fund Budgeting Highlights

**Anderson Township
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2013
(Unaudited)**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

For the year ended December 31, 2013, General Fund final actual receipts were greater final budgeted receipts, primarily due to a variance in intergovernmental receipts. However, General Fund final actual disbursements were significantly below final budgeted disbursements, primarily due to a variance in general government disbursements.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets.

Debt

At December 31, 2013, the Township's outstanding debt included \$17,638,355 in bonds payable. For further information regarding the Township's debt, refer to Note 9 in the notes to the basic financial statements.

For the Future

The challenge for all local governments is to provide quality services to the public while staying within the restrictions imposed by limited and, in some cases, shrinking funding. The Township relies heavily on local taxes and has very little industry to support the tax base. The Township continues to monitor levels of spending in all areas.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Kenneth G. Dietz, Fiscal Officer, Anderson Township at Anderson Center, 7850 Five Mile Road, Cincinnati, Ohio 45230.

Anderson Township
Statement of Net Position - Modified Cash Basis
December 31, 2013

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	<u>\$34,218,877</u>
Total Assets	<u>34,218,877</u>
Net Position:	
Restricted for:	
Fire District	1,917,609
Permanent Improvements	898,972
Tax Increment Financing Projects	10,201,497
Road and Bridge	2,528,109
Police Services	857,418
Debt Services	59,706
Recreation	461,427
Lighting District	311,392
Other Purposes	125,171
Unrestricted	<u>16,857,576</u>
Total Net Position	<u><u>\$34,218,877</u></u>

See accompanying notes to the basic financial statements.

Anderson Township
Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended December 31, 2013

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	\$3,712,592	\$656,641	\$0	\$0	(\$3,055,951)
Public Safety	12,159,473	708,621	0	0	(11,450,852)
Public Works	2,474,550	89,586	302,513	0	(2,082,451)
Health	97,756	0	0	0	(97,756)
Conservation-Recreation	16,206	0	0	0	(16,206)
Capital Outlay	11,230,430	0	0	2,012,787	(9,217,643)
Debt Service:					
Principal	2,350,973	0	0	0	(2,350,973)
Interest and Other Charges	927,049	0	0	0	(927,049)
Totals	<u>\$32,969,029</u>	<u>\$1,454,848</u>	<u>\$302,513</u>	<u>\$2,012,787</u>	<u>(29,198,881)</u>

General Receipts:

Property Taxes Levied for:

General Purposes	101,663
Road and Bridge	1,840,171
Fire District	6,513,215
Police District	2,418,191
Permissive Motor Vehicle License	337,454
Debt Service	2,970,000
Grants and Entitlements, Not Restricted	4,409,607
Payment in Lieu of Taxes	8,614,330
Investment Earnings	51,439
Casino Receipts	1,000,000
Other Receipts	409,658

Total General Receipts 28,665,728

Change in Net Position (533,153)

Net Position - Beginning of Year 34,752,030

Net Position - End of Year \$34,218,877

See accompanying notes to the basic financial statements.

Anderson Township
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2013

	General	Fire District	TIF	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	<u>\$16,857,575</u>	<u>\$1,917,609</u>	<u>\$10,201,497</u>	<u>\$5,242,196</u>	<u>\$34,218,877</u>
Total Assets	<u>16,857,575</u>	<u>1,917,609</u>	<u>10,201,497</u>	<u>5,242,196</u>	<u>34,218,877</u>
Fund Balances:					
Nonspendable	26	0	0	0	26
Restricted	0	1,917,609	10,201,497	5,242,196	17,361,302
Assigned	2,741,260	0	0	0	2,741,260
Unassigned	<u>14,116,289</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,116,289</u>
Total Fund Balances	<u>\$16,857,575</u>	<u>\$1,917,609</u>	<u>\$10,201,497</u>	<u>\$5,242,196</u>	<u>\$34,218,877</u>

See accompanying notes to the basic financial statements.

Anderson Township
Statement of Receipts, Disbursements
and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Fiscal Year Ended December 31, 2013

	General	Fire District	TIF	Other Governmental Funds	Total Governmental Funds
Receipts:					
Property Taxes and Other Local Taxes	\$101,663	\$6,513,215	\$0	\$7,565,816	\$14,180,694
Charges for Services	0	708,621	0	0	708,621
Investment Earnings	51,438	0	0	0	51,438
Intergovernmental	1,988,215	925,550	2,012,787	924,726	5,851,278
Licenses, Permits and Fees	601,305	0	0	0	601,305
Fines and Forfeitures	55,336	0	0	0	55,336
Special Assessments	0	0	0	89,586	89,586
Payment in Lieu of Taxes	0	0	8,614,330	0	8,614,330
Casino Receipts	1,000,000	0	0	0	1,000,000
Other Receipts	605,189	134,646	406,853	136,600	1,283,288
Total Receipts	4,403,146	8,282,032	11,033,970	8,716,728	32,435,876
Disbursements:					
Current:					
General Government	3,712,592	0	0	0	3,712,592
Public Safety	9,088	9,352,288	0	2,798,097	12,159,473
Public Works	87,140	0	0	2,387,410	2,474,550
Health	97,756	0	0	0	97,756
Conservation-Recreation	4,120	0	0	12,086	16,206
Capital Outlay	126,998	49,105	11,035,210	19,117	11,230,430
Debt Service:					
Principal	0	0	0	2,350,973	2,350,973
Interest and Other Charges	0	0	0	927,049	927,049
Total Disbursements	4,037,694	9,401,393	11,035,210	8,494,732	32,969,029
Excess of Receipts Over (Under) Disbursements	365,452	(1,119,361)	(1,240)	221,996	(533,153)
Other Financing Sources (Uses):					
Transfers In	235,864	0	0	5,561	241,425
Transfers (Out)	(5,561)	0	0	(235,864)	(241,425)
Total Other Financing Sources (Uses)	230,303	0	0	(230,303)	0
Net Change in Fund Balance	595,755	(1,119,361)	(1,240)	(8,307)	(533,153)
Fund Balance - Beginning of Year	16,261,820	3,036,970	10,202,737	5,250,503	34,752,030
Fund Balance - End of Year	\$16,857,575	\$1,917,609	\$10,201,497	\$5,242,196	\$34,218,877

See accompanying notes to the basic financial statements.

Anderson Township
Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2013

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Receipts:				
Property Taxes and Other Local Taxes	\$64,935	\$42,775	\$101,663	\$58,888
Investment Earnings	32,855	21,643	51,439	29,796
Intergovernmental	1,269,925	836,540	1,988,215	1,151,675
Licenses, Permits and Fees	384,069	252,999	601,305	348,306
Fines and Forfeitures	35,345	23,283	55,336	32,053
Casino Receipts	638,726	420,749	1,000,000	579,251
Other Receipts	353,742	233,022	553,825	320,803
Total Receipts	2,779,597	1,831,011	4,351,783	2,520,772
Disbursements:				
Current:				
General Government	4,136,803	4,136,803	3,538,354	598,449
Public Safety	12,635	12,635	10,807	1,828
Public Works	101,877	101,877	87,139	14,738
Health	114,288	114,288	97,755	16,533
Conservation-Recreation	4,817	4,817	4,120	697
Capital Outlay	216,197	216,197	184,921	31,276
Total Disbursements	4,586,617	4,586,617	3,923,096	663,521
Excess of Receipts Over (Under) Disbursements	(1,807,020)	(2,755,606)	428,687	3,184,293
Other Financing Sources (Uses):				
Transfers In	150,652	99,240	235,864	136,624
Transfers (Out)	(707,982)	(707,982)	(605,562)	102,420
Total Other Financing Sources (Uses)	(557,330)	(608,742)	(369,698)	239,044
Net Change in Fund Balance	(2,364,350)	(3,364,348)	58,989	3,423,337
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	15,892,257	15,892,257	15,892,257	0
Fund Balance End of Year	\$13,527,907	\$12,527,909	\$15,951,246	\$3,423,337

See accompanying notes to the basic financial statements.

Anderson Township
Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2013

	Fire District Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Receipts:				
Property Taxes and Other Local Taxes	\$6,519,481	\$6,519,481	\$6,513,215	(\$6,266)
Charges for Services	709,303	709,303	708,621	(682)
Intergovernmental	926,440	926,440	925,550	(890)
Other Receipts	134,776	134,776	134,646	(130)
Total Receipts	8,290,000	8,290,000	8,282,032	(7,968)
Disbursements:				
Current:				
Public Safety	9,923,461	9,923,461	9,479,710	443,751
Capital Outlay	51,404	51,404	49,105	2,299
Total Disbursements	9,974,865	9,974,865	9,528,815	446,050
Net Change in Fund Balance	(1,684,865)	(1,684,865)	(1,246,783)	438,082
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,036,969	3,036,969	3,036,969	0
Fund Balance End of Year	\$1,352,104	\$1,352,104	\$1,790,186	\$438,082

See accompanying notes to the basic financial statements.

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013

Note 1 –Reporting Entity

Anderson Township of Hamilton County, Ohio, is a body politic and corporate 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 also has an elected Township Fiscal Officer.

In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* (an amendment of GASB Statement No. 14), the accompanying financial statements include only the accounts and transactions of the Township. Under the criteria specified in these GASB Statements, the Township has no component units nor is it considered a component unit of the State of Ohio. The Township is considered, however, a political subdivision to the State of Ohio. These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Township is not financially accountable for any other organizations. This is evidenced by the fact that the Township is a legally and fiscally separate and distinct organization. The Township is solely responsible for its finances. The Township is empowered to issue debt payable solely from Township receipts.

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if it appoints a voting majority of the organization's governing board and (1) is able to significantly influence the programs or services performed or provided by the organization; or (2) is legally entitled to or can otherwise access the organization's resources; is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or is obligated for the debt of the organization. Based upon the application of these criteria, the Township has no component units.

The reporting entity is comprised of the primary government and the Township believes these financial statements present all activities for which the Township is financially accountable.

Primary Government

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, maintenance of Township roads and bridges, cemetery maintenance, and fire protection services. The Township contracts with the Hamilton County Sheriff's Office to provide police protection.

Note 2 – Summary of Significant Accounting Policies

These financial statements are presented on the modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013

statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Township has no business-type operations.

The statement of net position presents the cash balance and net position of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The difference between governmental fund assets and cash disbursements is reported as fund balance. The following are the Township's major governmental funds:

General Fund - This fund is used to account for all financial resources not accounted for and

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013

reported in another fund. The General Fund balance is available to the Township for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

Fire District Fund – This fund receives tax money for operating disbursements incurred by the Township’s fire department, which is the primary source of receipts for this fund.

TIF Fund – This fund receives money in lieu of taxes for improvements to certain parcels of land, which is the primary source of receipts for this fund.

The other governmental funds of the Township account for debt service, capital projects, and grants and other resources whose use is restricted to a particular purpose.

Basis of Accounting

The Township’s financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the Township’s financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this modified cash basis of accounting, certain assets and their related receipts (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related disbursements (such as accounts payable and disbursements for goods or services received but not yet paid, and accrued disbursements and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township’s authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, function, and object level for all funds as is required by the ORC.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township fiscal officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013

amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Cash and Investments

Cash received by the Township is deposited into one of several bank accounts with individual fund balance integrity maintained. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. For 2013, interest earned of \$51,438 was allocated to the General Fund.

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Investments".

Investments with an original maturity of three months or less at the time of purchase and Investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. All investments as of December 31, 2013 were investments of the cash management pool.

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 negative receipts, respectively.

The Township records all investments at cost and reports investments at cost. The Township has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2013. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2013.

During 2013 the Township has also invested in Federal Agency Securities, U.S. Treasury Notes and Money Market Funds.

Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying basic financial statements.

Capital Assets

Acquisitions of property, plant and equipment (capital assets) are recorded as disbursements when paid. These items are not reflected as assets in the accompanying basic financial statements.

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013

Long Term Obligations

The Township's modified cash basis basic financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

Net Position

Net cash assets represent the cash assets held by the Township at year end. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted for Other Purposes is comprised of net position restricted for grants. The Township applies restricted resources when a cash disbursement is made for purposes for which both restricted and unrestricted net position are available.

As of December 31, 2013 none of the Township's net position were restricted by enabling legislation.

Fund Balance

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

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted – Fund balance is reported as 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 – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Township Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Township Board of Trustees removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Township Board of Trustees.

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Township applies restricted resources first when disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and all major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. Any differences between the budgetary basis and the modified cash basis are outstanding year end encumbrances and are treated as disbursements (budgetary basis) rather than as an assignment of fund balance (modified cash basis). The amount of encumbrances for the General Fund for the year ended December 31, 2013 were \$463,760. The amount of encumbrances for the Fire District Fund for the year ended December 31, 2013 were \$127,422. As part of the Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, certain funds that were previously reported as special revenue funds are considered part of the General Fund on a modified cash basis. This includes the Unclaimed Monies Fund and the Zoning Fund. These funds were excluded from the budgetary presentation for the General Fund.

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies -are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Township has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim Monies may be deposited or invested in the following securities:

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013

- (1) United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- (3) Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- (4) Bond and other obligations of the State of Ohio, its political subdivisions, or other units or agencies of this State or its political subdivisions;
- (5) Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
- (6) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- (7) The State Treasurer's investment pool (STAR Ohio);
- (8) Securities lending agreements in which the Township lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
- (9) High grade commercial paper in an amount not to exceed five percent of the Township's total average portfolio; and
- (10) Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the Township's total average portfolio.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Township by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives

Anderson Township
Notes to the Basic Financial Statements
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are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Township, or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Township's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The Township's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateralization of public funds.

Deposits

At year end, \$10,675,826 of the Township's bank balance of \$27,803,653 was exposed to custodial credit risk because it was insured and collateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

Investments

At December 31, 2013, the Township had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Federal Home Loan Bank	\$200,526	0.77
Federal Home Loan Mortgage Corporation	401,795	0.57
Federal Farm Credit Bank	50,026	0.31
Federal National Mortgage Association	2,661,037	2.69
U.S. Treasury Notes	101,590	1.67
STAR Ohio	500,050	0.15
Money Market Funds	3,034,678	0.00
	\$6,949,702	

Portfolio Weighted Average Maturity	1.12
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Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township's investment policy does not address interest rate risk beyond the requirements of the Ohio Revised Code.

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township’s policy places limitations on the types of investments the Township may invest in. The Township’s policy authorizes investment in allowable securities as outlined in Ohio Revised Code Section 135. The Township’s investments in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, Federal National Mortgage Association and U.S. Treasury Notes were rated AA+ by Standard & Poor’s and AAA by Moody’s. Money Market Funds were not rated. STAR Ohio investments were rated AAAm by Standard & Poor’s.

Concentration of Credit Risk – The Township places no limit on the amount that may be invested in any one issuer. The Township has invested 3% in Federal Home Loan Bank, 6% in Federal Home Loan Mortgage Association, 1% in Federal Farm Credit Bank, 38% in Federal National Mortgage, 1% in U.S. Treasury Notes, 44% in Money Market Funds and 7% in STAR Ohio.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Township’s securities are either insured and registered in the name of the Township or at least registered in the name of the Township. The Township has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2013 represent the collection of 2012 taxes. Real property taxes received in 2013 were levied after October 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2013 represent the collection of 2013 taxes. Public utility real and tangible personal property taxes received in 2012 became a lien on December 31, 2011, were levied after October 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility personal property is currently assessed at varying percentages of true value.

The assessed values of real property and public utility property upon which 2013 property tax receipts were based are as follows:

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013

	<u>2013</u>
Real Property	\$1,136,400,590
Public Utility Property	
Personal	<u>25,323,540</u>
Total Assessed Value	<u><u>\$1,161,724,130</u></u>

Note 6 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2013 the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTAMRA provides property and casualty coverage for its members. OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other disbursements resulting from covered claims that exceed the members' deductibles. Coverage provided by OTAMRA is as follows:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans, a Traditional Pension Plan (TP), a Member-Directed Plan (MD) and a Combined Plan (CO). The TP Plan is a cost-sharing multiple-employer defined benefit pension plan. The MD Plan is a defined contribution plan in which member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. The CO Plan is a cost sharing, multiple-employer defined benefit pension plan. Under the CO Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the TP Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP and CO Plans. Members of the MD Plan do not qualify for the ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members and employer contributions rates were consistent across all three plans. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Township is 14% of covered payroll. The contribution rates are determined actuarially. The Township's required contributions to OPERS for the years ended December 31, 2013, 2012 and 2011 were \$278,011, \$278,443, and \$292,862 respectively. 92% has been contributed for 2013 and the full amount has been contributed for 2012 and 2011.

Ohio Police and Fire Pension Fund

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

From January 1, 2013 through July 1, 2013, plan members were required to contribute 10% (as in prior years) of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.75% of their annual covered salary, while employers (the Township) are required to contribute 19.5% for police officers and 24.0% for firefighters. The Township's contributions to OP&F for the years ending December 31, 2013, 2012 and 2011 were \$1,253,509, \$1,227,350, and \$1,289,031, respectively. The actual contributions were 92% for 2013 and 100% for 2012 and 2011.

Note 8 – Post Employment Benefits

Ohio Public Employees Retirement System

Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

**Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013**

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, the Township contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determined the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to the health care for members in the Traditional Plan was 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0% during calendar year 2013. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Information from Township's Records

The rates stated in Funding Policy, above, are the contractually required contribution rates for OPERS. The Township's actual contributions for the current year, which were used to fund postemployment benefits, were \$19,850 for 2013, \$79,551 for 2012 and \$83,671 for 2011. 92% has been contributed for 2013 and the full amount has been contributed for 2012 and 2011.

OPERS Board of Trustees Adopt Changes to the Health Care Plan

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund

Plan Description

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost sharing, multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164, or by visiting the OP&F website at www.op-f.org.

Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of the covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and Section 401(h) account as the employer contribution for retiree healthcare benefits. The portion of employee contributions allocated to health care was 4.69% of covered payroll for January 1, 2013 through May 31, 2013, and 2.85% of covered payroll for June 1, 2013 through December 31, 2013. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited to the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Information from Township's Records

**Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013**

The Township's contributions to OP&F were \$95,004 for fire for the period of January 1, 2013 through March 31, 2013; and were \$91,191 for fire for the period of June 1, 2013 through December 31, 2013; and \$344,885 for fire for the year ending December 31, 2012 and \$362,281 for fire for the year ending December 31, 2011, respectively, was allocated to the healthcare plan. The actual contributions for 2011 and 2012 were 100% and 92% has been contributed for 2013.

Note 9 –Debt

The Township's long-term debt activity for the year ended December 31, 2013 was as follows:

	Rate	Balance 1/1/2013	Additions	Deletions	Balance 12/31/2013	Due Within One Year
Governmental Activities						
<u>Bonds Payable</u>						
OPWC - CB27E - Forrest	3.00%	\$69,024	\$0	\$69,024	\$0	\$0
OPWC - CB20E - Ayershire, Wilshire, Sunray	3.00%	162,534	0	63,565	98,969	65,487
OPWC - CB07F - Sherman, Coolidge, Brooke, Shirmer	3.00%	222,216	0	86,905	135,311	89,533
OPWC - CB24F - Collinsdale	3.00%	195,554	0	76,479	119,075	78,791
Various Purpose Bonds	4.00-5.00%	19,340,000	0	2,055,000	17,285,000	2,135,000
Total Governmental Activities		<u>\$19,989,328</u>	<u>\$0</u>	<u>\$2,350,973</u>	<u>\$17,638,355</u>	<u>\$2,368,811</u>

The Township was awarded \$730,202 by the Ohio Public Works Commission on July 1, 2001, for the Forrest Park Subdivision street improvements project in the form of a loan. The loan will be repaid in semi-annual payments of \$35,291 on January 1 and July 1 of each year for 10 years. The final payment is due on January 1, 2014. The loan is collateralized by Township tax receipts.

The Township was awarded \$583,458 by the Ohio Public Works Commission on July 1, 2001, for the Ayershire/Wilshire/Sunray street reconstruction project in the form of a loan. The loan will be repaid in semiannual payments of \$33,984 on January 1 and July 1 of each year for 10 years. The final payment is due on July 1, 2015. The loan is collateralized by Township tax receipts.

The Township was awarded \$797,700 by the Ohio Public Works Commission on July 1, 2002, for the Sherman/Coolidge/Brooke/Shirmer storm sewer detention and paving project in the form of a loan. The loan will be repaid in semi-annual payments of \$46,463 of January 1 and July 1 of each year for 10 years. The final payment is due on July 1, 2015. This loan is collateralized by Township tax receipts.

The Township was awarded \$702,000 by the Ohio Public Works Commission on November 1, 2002 for the Collinsdale Drive reconstruction project in the form of a loan. The loan will be repaid in semi-annual payments of \$40,889 on January 1 and July 1 of each year for 10 years. The financial payment is due on July 1, 2015. The loan is collateralized by Township tax receipts.

On April 25, 2007, the Township issued \$29,470,000 in various purpose bonds to repay bond anticipation notes issued for construction of an administrative center. These bonds will mature in 2020 and require semi-annual payments due June 1 and December 1.

The following is a summary of the Township's future annual debt service requirements as of December 31, 2013:

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013

Year Ending December 31	General Obligation Bonds		OPWC Loans	
	Principal	Interest	Principal	Interest
2014	\$2,135,000	\$827,570	\$233,811	\$8,861
2015	2,240,000	720,820	119,544	1,793
2016	2,335,000	625,620	0	0
2017	2,455,000	508,870	0	0
2018	2,575,000	386,120	0	0
2019-2020	5,545,000	379,490	0	0
Total	<u>\$17,285,000</u>	<u>\$3,448,490</u>	<u>\$353,355</u>	<u>\$10,654</u>

Note 10 – Interfund Transactions

During 2013, the following transfers were made:

	Transfer In	Transfer Out
General Fund	\$235,864	(\$5,561)
Other Governmental Funds	5,561	(235,864)
Total Transfers in All Funds	<u>\$241,425</u>	<u>(\$241,425)</u>

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them and unrestricted receipts collected in the general fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed. A transfer of \$235,864 was made from the YMCA/FEMA Fund to the General Fund to close out the YMCA/FEMA fund since the Township will no longer receive grant monies in this fund.

Note 11 – Contingent Liability

The Township is not party to any legal proceedings.

Note 12 – Fund Balances

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

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013

<u>Fund Balances</u>	<u>General</u>	<u>Fire District</u>	<u>TIF</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable					
Unclaimed Monies	\$26	\$0	\$0	\$0	\$26
Restricted for:					
Fire District	0	1,917,609	0	0	1,917,609
TIF	0	0	10,201,497	0	10,201,497
Motor Vehicle License	0	0	0	8,461	8,461
Road and Bridge	0	0	0	2,528,109	2,528,109
Lighting District	0	0	0	311,392	311,392
Police	0	0	0	857,418	857,418
Greenspace Levy	0	0	0	461,427	461,427
Permissive Tax	0	0	0	116,711	116,711
Bond Retirement	0	0	0	59,706	59,706
Permanent Improvement	0	0	0	898,972	898,972
Total Restricted	0	1,917,609	10,201,497	5,242,196	17,361,302
Assigned to:					
Encumbrances	463,760	0	0	0	463,760
Next Year's Budget	2,277,500	0	0	0	2,277,500
Total Assigned	2,741,260	0	0	0	2,741,260
Unassigned (Deficit)	14,116,289	0	0	0	14,116,289
Total Fund Balance	<u>\$16,857,575</u>	<u>\$1,917,609</u>	<u>\$10,201,497</u>	<u>\$5,242,196</u>	<u>\$34,218,877</u>

Anderson Township, Ohio



Anderson Township

Yellow Book Report

December 31, 2013

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Anderson Township
Hamilton County
7850 Five Mile Road
Cincinnati, Ohio 45230

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Anderson Township, Ohio (the Township), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated July 30, 2014 wherein we noted the Township presented financial statements on the modified cash basis of accounting rather than in accordance with accounting principles generally accepted in the United States of America, as disclosed in Note 2.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Plattensburg & Associates, Inc.

Plattensburg & Associates, Inc.
Cincinnati, Ohio
July 30, 2014

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Dave Yost • Auditor of State

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
SEPTEMBER 23, 2014**