



OHIO AUDITOR OF STATE
KEITH FABER



ANDERSON TOWNSHIP
HAMILTON COUNTY
DECEMBER 31, 2020

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OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anderson Township, Hamilton County, Ohio (the Township), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

Opinion

In our opinion, the financial statements referred to above 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, 2020, and the respective changes in modified cash financial position 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. The financial statements are prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Matters

Supplementary Information

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2021, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

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

Keith Faber
Auditor of State
Columbus, Ohio
August 24, 2021

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Anderson Township
Statement of Net Position - Modified Cash Basis
December 31, 2020

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	<u>\$51,750,976</u>
Total Assets	<u>51,750,976</u>
Net Position:	
Restricted for:	
Fire District	7,733,323
Tax Increment Financing Projects	23,310,695
Road and Bridge	2,484,169
Police Services	3,291,003
Debt Services	717,065
Recreation	343,492
Lighting District	18,664
Other Purposes	794,746
Unrestricted	<u>13,057,819</u>
Total Net Position	<u>\$51,750,976</u>

See accompanying notes to the basic financial statements.

Anderson Township
Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended December 31, 2020

	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	\$5,168,222	\$630,930	\$2,386,050	\$0	(\$2,151,242)
Public Safety	13,381,798	1,449,606	0	0	(11,932,192)
Public Works	891,358	0	566,073	0	(325,285)
Conservation-Recreation	43,185	0	0	0	(43,185)
Capital Outlay	21,388,406	0	0	1,481,036	(19,907,370)
Debt Service:					
Principal	2,893,046	0	0	0	(2,893,046)
Interest and Other Charges	140,207	0	0	0	(140,207)
Totals	<u>\$43,906,222</u>	<u>\$2,080,536</u>	<u>\$2,952,123</u>	<u>\$1,481,036</u>	<u>(37,392,527)</u>

General Receipts:

Property Taxes Levied for:	
General Purposes	1,268,606
Road and Bridge	771,897
Fire District	8,891,331
Police District	4,395,334
Permissive Motor Vehicle License	371,783
Debt Service	2,955,000
Grants and Entitlements, Not Restricted	2,038,850
Payments in Lieu of Taxes	20,233,882
Special Assessments	108,366
Investment Earnings	308,587
Other Receipts	1,375,242
Total General Receipts	<u>42,718,878</u>
Change in Net Position	5,326,351
Net Position - Beginning of Year	<u>46,424,625</u>
Net Position - End of Year	<u>\$51,750,976</u>

See accompanying notes to the basic financial statements.

Anderson Township
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2020

	General	Fire District	TIF	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	<u>\$13,057,819</u>	<u>\$7,733,323</u>	<u>\$18,712,866</u>	<u>\$12,246,968</u>	<u>\$51,750,976</u>
Total Assets	<u>13,057,819</u>	<u>7,733,323</u>	<u>18,712,866</u>	<u>12,246,968</u>	<u>51,750,976</u>
Fund Balances:					
Nonspendable	\$26	\$0	\$0	\$0	\$26
Restricted	0	7,733,323	18,712,866	12,246,968	38,693,157
Assigned	1,665,192	0	0	0	1,665,192
Unassigned	<u>11,392,601</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,392,601</u>
Total Fund Balances	<u>\$13,057,819</u>	<u>\$7,733,323</u>	<u>\$18,712,866</u>	<u>\$12,246,968</u>	<u>\$51,750,976</u>
Total Liabilities and Fund Balances	<u>\$13,057,819</u>	<u>\$7,733,323</u>	<u>\$18,712,866</u>	<u>\$12,246,968</u>	<u>\$51,750,976</u>

See accompanying notes to the basic financial statements.

Anderson Township
Statement of Receipts, Disbursement:
and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Fiscal Year Ended December 31, 2020

	General	Fire District	TIF	Other Governmental Funds	Total Governmental Funds
Receipts:					
Property Taxes and Other Local Taxes	\$1,268,606	\$8,891,331	\$0	\$8,494,014	\$18,653,951
Charges for Services	0	1,449,606	0	0	1,449,606
Investment Earnings	306,769	0	0	1,818	308,587
Intergovernmental	616,109	868,540	1,481,036	3,506,324	6,472,009
Licenses, Permits and Fees	613,299	0	0	0	613,299
Fines and Forfeitures	17,631	0	0	0	17,631
Special Assessments	0	0	0	108,366	108,366
Payments in Lieu of Taxes	0	0	17,848,778	2,385,104	20,233,882
Other Receipts	566,365	702,638	3,500	102,739	1,375,242
Total Receipts	3,388,779	11,912,115	19,333,314	14,598,365	49,232,573
Disbursements:					
General Government	2,784,272	0	0	2,383,950	5,168,222
Public Safety	99,094	8,899,565	0	4,383,139	13,381,798
Public Works	100,157	0	0	791,201	891,358
Conservation-Recreation	16,702	0	0	26,483	43,185
Capital Outlay	20,145	35,515	17,796,272	3,536,474	21,388,406
Debt Service:					
Principal	0	0	78,046	2,815,000	2,893,046
Interest and Other Charges	0	0	0	140,207	140,207
Total Disbursements	3,020,370	8,935,080	17,874,318	14,076,454	43,906,222
Net Change in Fund Balance	368,409	2,977,035	1,458,996	521,911	5,326,351
Fund Balance - Beginning of Year	12,689,410	4,756,288	17,253,870	11,725,057	46,424,625
Fund Balance - End of Year	\$13,057,819	\$7,733,323	\$18,712,866	\$12,246,968	\$51,750,976

See accompanying notes to the basic financial statements

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2020

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.

The accompanying financial statements include only the accounts and transactions of the Township. 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.

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 statement of net position and a statement of activities (both on modified cash basis), 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 (both on modified cash basis) 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.

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2020

The statement of net position presents the modified 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 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.

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2020

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 receipt 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 appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources.

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.

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, were investments of the cash management pool.

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2020

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.

STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Township measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2020 was \$306,769 and \$1,818 was credited to other governmental 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.

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

Long Term Obligations

The Township's modified cash basis 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

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2020

payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease 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, 2020 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.

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

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2020

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 – 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 Trustees have 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 deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

- (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

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2020

- 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, or by the financial institution's participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives 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 clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions have the option of participating in OPCS or collateralizing utilizing the specific pledge method. Financial institutions are transitioning to OPCS, but some have been granted extensions that may carry over year end and will be collateralizing with their own collateral pool until they join OPCS.

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2020

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2020, \$7,547,391 of the Township’s bank balance of \$17,173,798 was exposed to custodial credit risk because it was uninsured and collateralized.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Township and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

Investments

At December 31, 2020, the Township had the following investments:

	<u>Value</u>	<u>Hierarchy</u>	<u>Maturity (Years)</u>
Negotiable CD	\$16,979,614	Level 2	1.31
Money Market	9,536,971	N/A	0.00
STAROhio	<u>8,867,133</u>	N/A	0.15
Total Investments	<u><u>\$35,383,718</u></u>		
Portfolio Weighted Average Maturity			0.67

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District’s recurring fair value measurements as of year end. STAR Ohio is reported at its share price (Net Asset value per share).

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.

Credit Risk – Credit risk is the risk that an issue 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. STAR Ohio investments were rated AAAM by Standard & Poor’s. Money Market Funds and Negotiable Certificates of Deposit were not rated.

Concentration of Credit Risk – The Township places no limit on the amount that may be invested in any one issuer. The Township has invested 48% in Negotiable Certificates of Deposit, 27% in Money Market

**Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2020**

Funds, and 25% 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 4 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes, which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The assessed values of real property and public utility property upon which 2020 property tax receipts were based are as follows:

	<u>2020</u>
Real Property	\$1,375,882,830
Public Utility Property Personal	35,678,520
Total Assessed Value	<u><u>\$1,411,561,350</u></u>

Tax Abatements

For 2020 the Township had no tax abatements that apply to Governmental Accounting Standards Board (GASB) Statement No. 77, “Tax Abatement Disclosures.”

**Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2020**

Note 5 – Risk Management

Ohio Township Association Risk Management Authority (OTARMA)

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 2020 the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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 and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2020, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and Net Position at December 31, 2019 (the latest information available):

	<u>2019</u>
Assets	\$46,315,535
Liabilities	11,571,566
Net Position	34,743,969

At December 31, 2019, the liabilities above include approximately \$10.5 million of estimated incurred claims payable. The assets above also include approximately \$8.6 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2019. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2019, the Township's share of these unpaid claims collectible in future years is approximately \$77,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2020

to OTARMA for each year of membership. The Township made contributions of \$164,299 for 2020, \$174,426 for 2019, and \$174,900 for 2018 to the OTARMA.

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Self-Insurance

The Township manages employee health benefits on a self-insured basis. The employee health benefit plan provides basic health coverage through United Health Care (UHC), the third party administrator (TPA) of the program, which reviews and processes or disallows the claims. Jefferson Health Plan (JHP) releases the claims payments to the providers as a consortium outside UHC. JHP is a jointly governed organization established as a joint insurance pool. The Township is a member of the Center for Local Government Benefits Pool (CLGBP) which is a member of JHP. A specific excess loss coverage (stoploss) insurance policy covers claims in excess of \$150,000 per employee per year. The 2020 monthly family, employee plus one, employee plus children and single premiums were \$1,815.57, \$1,244.90, \$1,114.48, and \$597.97. The TPA charges the Township an administration fee of \$47.75 per employee per month.

Note 6 – Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the

**Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2020**

three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2020

losses resulting from the member’s investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2020 Statutory Maximum Contribution Rates			
Employer	14.00%	18.10%	18.10%
Employee (a)	10.00%	(b)	(c)
2020 Actual Contribution Rates			
Employer:			
Pension (d)	14.00%	18.10%	18.10%
Post-employment Health Care Benefits (d)	0.00%	0.00%	0.00%
Total Employer	<u>14.00%</u>	<u>18.10%</u>	<u>18.10%</u>
Employee	<u>10.00%</u>	<u>12.00%</u>	<u>13.00%</u>

(a) Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

(b) This rate is determined by OPERS' Board and has no maximum rate established by ORC.

(c) This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2% greater than the Public Safety rate.

(d) These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4% for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2020, the Township’s contractually required contribution was \$280,395.

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2020

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description

Township full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. 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 and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index over the 12 month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to 3 percent of their base pension or disability benefit.

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

Funding Policy

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

**Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2020**

	<u>Police</u>	<u>Firefighters</u>
2020 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2020 Actual Contribution Rates		
Employer:		
Pension	19.00%	23.50%
Post-Employment Health Care Benefits	<u>0.50%</u>	<u>0.50%</u>
Total Employer	<u>19.50%</u>	<u>24.00%</u>
Employee	12.25%	12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The Township's contractually required contribution to OP&F was \$1,388,680.

Note 7 – Postemployment Benefits

Plan Description – Ohio Public Employees Retirement System (OPERS)

Health Care Plan Description

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. 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 75. See OPERS Comprehensive Annual Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy

The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2020

OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0% of earnable salary and public safety and law enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4.0%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$0 for 2020.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Health Care Plan Description

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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 health care 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. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2020

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 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care 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.

The Township's contractually required contribution to OP&F was \$29,546 for 2020.

Note 8 –Debt

The Township's long-term debt activity for the year ended December 31, 2020 was as follows:

	Rate	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Debt:						
2014 Refunding	1.00-4.00%	\$2,775,000	\$0	(\$2,775,000)	\$0	\$0
OPWC Loan - CB22U		195,109	0	(32,518)	162,591	32,518
OPWC Loan - CB19U		910,568	0	(45,528)	865,040	45,528
2019 Recreational Facility Improv	2.00-4.00%	2,225,000	0	(40,000)	2,185,000	45,000
2019 Premium on Bonds		58,033	0	(1,934)	56,099	0
Total Debt		\$6,163,710	\$0	(\$2,894,980)	\$3,268,730	\$123,046

The general obligation bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The Township issued \$11,200,000 in refunding various purpose bonds in 2014 to partially refund \$10,575,000 in 2007 various purpose bonds. The bonds will mature in 2020 and require semi-annual payments due June 1 and December 1.

The Township issued an Ohio Public Works Commission loan in 2018 for \$325,181. The loan was issued for road improvements for the Ivy Hills subdivision. The loan is a five year loan with zero percent interest.

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2020

The Township issued an Ohio Public Works Commission loan in 2019 for \$910,568. The loan was issued for Towne Center Way road improvements. The loan is a ten year loan with zero percent interest.

The Township issued \$2,202,814 in various purpose bonds in 2019. The bonds will mature in 2049 and require semi-annual payments due June 1 and December 1. The bonds were issued for recreation facility improvements.

The following is a summary of the Township’s future annual debt service requirements at year end:

Year ending December 31	General Obligation Bonds		OPWC Loans	
	Principal	Interest	Principal	Interest
2021	\$45,000	\$64,350	\$78,046	\$0
2022	50,000	63,000	156,093	0
2023	50,000	61,000	156,093	0
2024	50,000	59,000	91,057	0
2025	55,000	57,000	91,057	0
2026-2030	305,000	255,000	455,285	0
2031-2035	360,000	202,637	0	0
2036-2040	400,000	187,560	0	0
2041-2045	455,000	101,661	0	0
2046-2049	415,000	31,650	0	0
Total	\$2,185,000	\$1,082,858	\$1,027,631	\$0

Note 9 – Contingent Liability

The Township’s attorney estimates that all other potential claims against the Township not covered by insurance resulting from all other litigation would not materially affect the financial statements of the Township.

Note 10 – 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, 2020

Fund Balances	General	Fire District	TIF	Other Governmental Funds	Total
Nonspendable					
Unclaimed Monies	\$26	\$0	\$0	\$0	\$26
Restricted for:					
Fire District	0	7,733,323	0	0	7,733,323
TIF	0	0	18,712,866	4,597,829	23,310,695
Motor Vehicle License	0	0	0	11,645	11,645
Gasoline Tax	0	0	0	326,984	326,984
Road and Bridge	0	0	0	2,484,169	2,484,169
Lighting District	0	0	0	18,664	18,664
Police	0	0	0	3,291,003	3,291,003
Greenspace Levy	0	0	0	343,492	343,492
Permissive Tax	0	0	0	454,017	454,017
COVID-19	0	0	0	2,100	2,100
Bond Retirement	0	0	0	717,065	717,065
Total Restricted	0	7,733,323	18,712,866	12,246,968	38,693,157
Assigned to:					
Encumbrances	539,668	0	0	0	539,668
Next Year's Budget	1,125,524	0	0	0	1,125,524
Total Assigned	1,665,192	0	0	0	1,665,192
Unassigned (Deficit)	11,392,601	0	0	0	11,392,601
Total Fund Balance	\$13,057,819	\$7,733,323	\$18,712,866	\$12,246,968	\$51,750,976

In addition to the above fund balance constraints, the Township has a General Fund budget stabilization arrangement that does not meet the criteria to be classified as restricted or committed. Pursuant to Ohio Revised Code Section 5705.13, the Township established a budget stabilization by resolution to provide options to respond to unexpected issues and afford a buffer against shocks and other forms of risk such as revenue volatility, unexpected infrastructure failure, or disaster situations. Expenditures of a recurring nature are not addressed through the use of this arrangement. The Township Trustees authorized the funding of this arrangement as resources become available in the General Fund. The fund balance should not exceed 30 percent of the General Fund average revenues.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The Townships' investment portfolio could potentially incur a significant decline in fair value, in 2021, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, the impact of the investments of the pension and other employee benefit plan in which the Township participates and any recovery from emergency funding, either federal or state, cannot be estimated.

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ANDERSON TOWNSHIP
HAMILTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF THE TREASURY				
<i>Passed Through Hamilton County, Ohio</i>				
COVID-19 Coronavirus Relief Fund - Local Government Assistance Program	21.019	HB481-CRF-Local	\$38,569	\$2,386,050
Total U.S. Department of the Treasury			<u>38,569</u>	<u>2,386,050</u>
Total Expenditures of Federal Awards			<u><u>\$38,569</u></u>	<u><u>\$2,386,050</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

**ANDERSON TOWNSHIP
HAMILTON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Anderson Township (the Township's) under programs of the federal Township for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Township, it is not intended to and does not present the financial position or changes in net position.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Township has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – SUBRECIPIENTS

The Township passes certain federal awards received from Hamilton County to other governments (subrecipients). As Note B describes, the Government reports expenditures of Federal awards to subrecipients when paid in cash.

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anderson Township, Hamilton County, (the Township) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 24, 2021, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Township.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio
August 24, 2021

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Trustees:

Report on Compliance for the Major Federal Program

We have audited Anderson Township's (the Township) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Anderson Township's major federal program for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Township's major federal program.

Management's Responsibility

The Township's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Township's compliance for the Township's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Township's major program. However, our audit does not provide a legal determination of the Township's compliance.

Opinion on the Major Federal Program

In our opinion, Anderson Township complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

The Township's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Township's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Township's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
August 24, 2021

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	21.019 Coronavirus Relief Fund
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2020-001

Material Weakness

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

We identified the following conditions related to the above criteria:

- Two Ohio Public Works Commission (OPWC) loan payments in the amount of \$78,046 were incorrectly classified as Capital Outlay expenses instead of Debt Service: Principal expenses in the TIF fund resulting in principal amounts on the financial statements and debt footnote to be understated.

**FINDING NUMBER 2020-001
(Continued)**

- The final payment on the 2014 Refunding partially paid from the Permanent Improvement Fund in the amount of \$696,051 was incorrectly classified as Capital Outlay expense instead of Debt Service: Principal expense resulting in principal amount for Other Governmental funds to be understated on the financial statements.
- Permissive Motor Vehicle License receipts totaling \$64,097 in Other Governmental Funds were incorrectly posted to Taxes instead of Intergovernmental.
- Intergovernmental receipts in the Fire District Fund totaling \$7,111 were incorrectly posted to Other Receipts.
- Bureau of Workers Compensation reimbursement in the Fire District Fund in the amount of \$628,734 was incorrectly posted to Intergovernmental instead of Other Receipts.
- Intergovernmental Receipts in the General Fund totaling \$117,634 were incorrectly posted to Other Receipts totaling \$84,503 and License Permits and Fees totaling \$33,131.

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

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

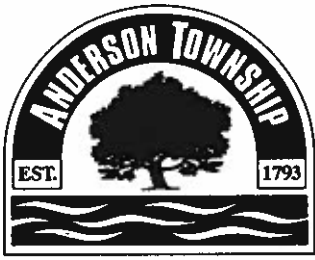
We recommend due care be exercised when posting entries to the financial records and in preparation of the financial statements and footnotes to the financial statements.

Officials' Response:

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



Anderson Township

7850 Five Mile Road
Anderson Township, Ohio 45230-2356

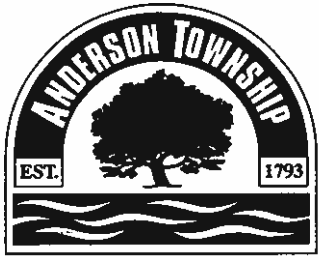
513.688.8400
AndersonTownship.org
AndersonCenterEvents.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Financial Statement Presentations and Recording of Transactions	Not Corrected.	Repeated as Finding 2020-001

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Anderson Township

7850 Five Mile Road
Anderson Township, Ohio 45230-2356

513.688.8400
AndersonTownship.org
AndersonCenterEvents.org

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) December 31, 2020

Finding Number:	2020-001
Planned Corrective Action:	Due diligence will be taken to correctly post receipts and disbursements to the system and to review them for accuracy by the Fiscal Office. Financial statements and footnotes will be reviewed by the Fiscal Officer and Board for accuracy.
Anticipated Completion Date:	8/24/2021
Responsible Contact Person:	Kenneth Dietz, Township Fiscal Officer

OHIO AUDITOR OF STATE KEITH FABER



ANDERSON TOWNSHIP

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/9/2021

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

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