



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ANDERSON TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Anderson Township
Hamilton County
7954 Beechmont Avenue
Cincinnati, Ohio 45255

To the Board of Trustees:

We have audited the accompanying financial statements of Anderson Township, Hamilton County, Ohio (the Township), as of and for the year ended December 31, 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 1998, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2000, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

August 18, 2000

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**ANDERSON TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$78,315	\$5,439,652	\$0	\$0	\$5,517,967
Intergovernmental	2,343,717	1,649,780			3,993,497
Special Assessments		92,531			92,531
Revenue in Lieu of Taxes		1,691,787			1,691,787
Charges for Services		244,801			244,801
Licenses, Permits, and Fees	550	38,117			38,667
Fines, Forfeitures, and Penalties	44,701				44,701
Earnings on Investments	376,591				376,591
Other Revenue	494,670	366,243	367		861,280
Total Cash Receipts	3,338,544	9,522,911	367	0	12,861,822
Cash Disbursements:					
Current:					
General Government	1,366,714	267,933			1,634,647
Public Safety	70,438	4,634,775			4,705,213
Public Works	52,290	1,407,223			1,459,513
Health	83,443				83,443
Conservation - Recreation	11,809	891,840			903,649
Miscellaneous		1,084,309			1,084,309
Debt Service:					
Redemption of Principal			197,833		197,833
Interest and Fiscal Charges			43,708		43,708
Capital Outlay	10,715	82,592		47,429	140,736
Total Cash Disbursements	1,595,409	8,368,672	241,541	47,429	10,253,051
Total Receipts Over/(Under) Disbursements	1,743,135	1,154,239	(241,174)	(47,429)	2,608,771
Other Financing Receipts/(Disbursements):					
Transfers-In		1,571,092	250,800		1,821,892
Transfers-Out	(550,800)	(1,271,092)			(1,821,892)
Other Sources	55			55,013	55,068
Total Other Financing Receipts/(Disbursements)	(550,745)	300,000	250,800	55,013	55,068
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,192,390	1,454,239	9,626	7,584	2,663,839
Fund Cash Balances, January 1	2,473,408	2,570,530	308,728	135,652	5,488,318
Fund Cash Balances, December 31	<u>\$3,665,798</u>	<u>\$4,024,769</u>	<u>\$318,354</u>	<u>\$143,236</u>	<u>\$8,152,157</u>
Reserve for Encumbrances, December 31	<u>\$511,887</u>	<u>\$1,406,534</u>	<u>\$0</u>	<u>\$20,084</u>	<u>\$1,938,505</u>

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

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**ANDERSON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Anderson Township, Hamilton County, Ohio (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, and fire protection and emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit, and U.S. Treasury Notes are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

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

ANDERSON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire District Fund - This fund receives tax money for the operating expenses incurred by the Fire Department in the Township.

Police District Fund - This fund receives tax money to pay for police services provided by Hamilton County.

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

3. Debt Service Funds

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

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

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital project funds:

Permanent Improvement Fund - This fund accounts for all fees and costs associated with construction in the Township.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

**ANDERSON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

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

A summary of 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1998</u>
Demand deposits	\$1,378,693
Certificates of deposit	<u>420,700</u>
Total deposits	<u>1,799,393</u>
U.S. Treasury Notes	10,984
STAROhio	<u>6,341,780</u>
Total investments	<u>6,352,764</u>
Total deposits and investments	<u><u>\$8,152,157</u></u>

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

Investments: U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities. Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

**ANDERSON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1998, follows:

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,078,500	\$ 3,338,599	\$1,260,099
Special Revenue	10,101,850	11,094,003	992,153
Debt Service	252,525	251,167	(1,358)
Capital Projects	89,710	55,013	(34,697)
Total	\$12,522,585	\$14,738,782	\$2,216,197

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,097,173	\$ 2,658,096	\$ 439,077
Special Revenue	12,598,103	11,046,298	1,551,805
Debt Service	253,325	241,541	11,784
Capital Projects	95,940	67,513	28,427
Total	\$16,044,541	\$14,013,448	\$2,031,093

4. PROPERTY TAX

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

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. DEBT

Debt outstanding at December 31, 1998, was as follows:

	Principal	Interest Rate
Fire Protection & Safety Note	\$740,000	4.75%
Assessment Limited Tax Bonds	115,493	6%
Total	\$855,493	

**ANDERSON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998
(Continued)**

5. DEBT (Continued)

The Township issued a General Obligation Fire Protection and Safety Note on March 1, 1994, in the amount of \$1,665,000 for construction and equipping the fire station and sheriff substation facilities. Interest and principal payments are due annually to Fifth Third Bank.

The Township issued Assessment Limited Tax Bonds on September 30, 1997, in the amount of \$128,327 for the Lawyers Point Improvement Project. Interest and principal payments are due semi-annually to Firststar Bank.

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

<u>Year ending December 31:</u>	<u>Fire Protection & Safety Note</u>	<u>Assessment Limited Tax Bonds</u>
1999	\$214,415	\$19,185
2000	207,200	18,479
2001	199,800	17,773
2002	192,400	17,067
2003	0	16,362
Subsequent	<u>0</u>	<u>58,389</u>
Total	<u>\$813,815</u>	<u>\$147,255</u>

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1998.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority Plan (the Plan). The Plan assumes the risk of loss up to the limits of the Township's policy. The Plan may assess supplemental premiums. The following risks are covered by the Plan:

- General liability and casualty
- Public official's liability
- Vehicle

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**ANDERSON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998
(Continued)**

8. CONTINGENT LIABILITIES

The Township is a defendant in several law suits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

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

Anderson Township
Hamilton County
7954 Beechmont Avenue
Cincinnati, Ohio 45255

To the Board of Trustees:

We have audited the financial statements of Anderson Township, Hamilton County, Ohio (the Township), as of and for the year ended December 31, 1998, and have issued our report thereon dated August 18, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 18, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated August 18, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end of the last name.

Jim Petro
Auditor of State

August 18, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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 19, 2000