



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

ANDERSON TOWNSHIP
HAMILTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	3
Notes to the Financial Statements	5
Schedule of Federal Award Expenditures.....	11
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Report of Independent Accountants on Compliance Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings.....	21

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

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, 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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, 2000, 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 28, 2002, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Township taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. *Office of Management and Budget Circular A-133, Audits of States, Local Government, and Non Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Trustees, federal awarding agencies and pass-through entities, and other officials authorized to receive this report under Section 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", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

August 28, 2002

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<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	\$118,617	\$6,626,111	\$0	\$0	\$6,744,728
Intergovernmental	1,946,505	1,725,282			3,671,787
Tax Incremental Financing		3,455,481	18,299		3,473,780
Charges for Services		411,962			411,962
Licenses, Permits, and Fees	379,773	40,583			420,356
Fines, Forfeitures, and Penalties	22,926				22,926
Earnings on Investments	754,220	19,872			774,092
Other Revenue	62,840	108,891		86,001	257,732
	<u>3,284,881</u>	<u>12,388,182</u>	<u>18,299</u>	<u>86,001</u>	<u>15,777,363</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	1,211,243	250,107			1,461,350
Public Safety	300	4,717,660			4,717,960
Public Works	62,868	1,984,106			2,046,974
Health	82,271				82,271
Conservation - Recreation	12,424	601,769			614,193
Miscellaneous		2,479,223			2,479,223
Debt Service:					
Redemption of Principal			197,833		197,833
Interest and Fiscal Charges			28,129		28,129
Capital Outlay	2,354	336,907			339,261
	<u>1,371,460</u>	<u>10,369,772</u>	<u>225,962</u>	<u>0</u>	<u>11,967,194</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>1,913,421</u>	<u>2,018,410</u>	<u>(207,663)</u>	<u>86,001</u>	<u>3,810,169</u>
Other Financing Receipts and (Disbursements):					
Transfers-In		2,299,913	228,510		2,528,423
Transfers-Out	(1,186,960)	(1,341,463)			(2,528,423)
	<u>(1,186,960)</u>	<u>958,450</u>	<u>228,510</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	726,461	2,976,860	20,847	86,001	3,810,169
Fund Cash Balances, January 1	<u>5,023,230</u>	<u>5,009,468</u>	<u>85,356</u>	<u>140,449</u>	<u>10,258,503</u>
Fund Cash Balances, December 31	<u>\$5,749,691</u>	<u>\$7,986,328</u>	<u>\$106,203</u>	<u>\$226,450</u>	<u>\$14,068,672</u>
Reserve for Encumbrances, December 31	<u>\$439,358</u>	<u>\$1,401,486</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,840,844</u>

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

This page intentionally left blank.

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

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, fire protection and emergency medical services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Fire District Fund

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

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

TIF Fund

The 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 Fund:

General Bond-Note Retirement Fund

This fund is subsidized by the General Fund for the retirement of debt.

4. Capital Project Funds

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following capital project fund:

Permanent Improvement Fund

This fund accounts for all fees and costs associated with Township construction.

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.

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. However, all material outstanding encumbrances have been disclosed in the financial statements.

A summary of 2000 budgetary activity appears in Note 3.

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>
Demand Deposits	\$3,986
Certificates of deposit	420,700
Total Deposits	<u>424,686</u>
U.S. Treasury Notes	2,010,984
Repurchase agreement	2,902,601
STAR Ohio	8,730,401
Total investments	<u>13,643,986</u>
Total Deposits and Investments	<u>\$14,068,672</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.

The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2000 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,101,365	\$3,284,881	\$183,516
Special Revenue	14,572,630	14,688,095	115,465
Debt Service	237,960	246,809	8,849
Capital Projects	0	86,001	86,001
Total	\$17,911,955	\$18,305,786	\$393,831

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,184,184	\$2,997,778	\$1,186,406
Special Revenue	17,659,788	13,112,721	4,547,067
Debt Service	225,980	225,962	18
Capital Projects	0	0	0
Total	\$22,069,952	\$16,336,461	\$5,733,491

Contrary to Ohio Rev. Code Section 5705.39, appropriations exceeded estimated revenue for the YMCA fund (51) by \$1,089,753.

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, 2000 was as follows:

	Principal	Interest Rate
Fire Protection and Safety Note	\$370,000	3.94%
Assessment Limited Tax Bonds	89,829	5.50%
Total	\$459,829	

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

5. DEBT (Continued)

The Township issued a General Obligation Fire Protection and Safety Note on March 1, 1994, for \$1,665,000 to construct and equip 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, for \$128,327 for the Lawyer's Point Improvement Project. Interest and principal payments are due semiannually to Firststar Bank.

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

	Fire Protection and Safety Note	Assessment Limited Tax Bonds
Year ending December 31:		
2001	\$199,800	\$17,773
2002	192,400	17,067
2003		16,361
2004		15,656
2005		14,950
2006 – 2010		27,784
Total	\$392,200	\$109,591

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

Risk Pool Membership

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

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

7. RISK MANAGEMENT (Continued)

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

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

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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

Financial Position

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

<u>Casualty Coverage</u>	<u>2000</u>
Assets	\$22,684,383
Liabilities	<u>8,924,977</u>
Retained earnings	<u>\$13,759,406</u>
 <u>Property Coverage</u>	 <u>2000</u>
Assets	\$4,156,784
Liabilities	<u>497,831</u>
Retained earnings	<u>\$3,658,953</u>

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>FEDERAL EMERGENCY MANAGEMENT ASSISTANCE</u>			
<i>Passed Through Ohio Department of Emergency Management Assistance:</i>			
Federal Emergency Management Assistance		83.548	<u>\$512,866</u>
Total Federal Emergency Mangement Assistance			<u>512,866</u>
Total			<u>\$512,866</u>

The accompanying notes to this schedule are an integral part of this schedule.

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

**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 accompanying financial statements of Anderson Township, Hamilton County, Ohio (the Township), as of and for the year ended December 31, 2000, and have issued our report thereon dated August 28, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-40431-001 and 2000-40431-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 28, 2002.

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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-40431-001 and 2000-40431-003.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. 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 28, 2002.

This report is intended solely for the information and use of management and the Board of Trustees, federal awarding agencies and pass-through entities, 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 stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

August 28, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Anderson Township
Hamilton County
7954 Beechmont Avenue
Cincinnati, Ohio 45255

To the Board of Trustees:

Compliance

We have audited the compliance of Anderson Township, Hamilton County, Ohio (the Township), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2000. The Township's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township's compliance with those requirements.

In our opinion, the Township complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings as item 2000-40431-004.

Internal Control Over Compliance

The management of the Township is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Township's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Anderson Township
Hamilton County
Report of Independent Accountants on Compliance With Requirements
Applicable to Each Major Federal Program and Internal Control Over
Compliance In Accordance With OMB Circular A-133
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management, the Board of Trustees, federal awarding agencies and pass-through entities, 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", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

August 28, 2002

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000**

SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	FEMA – Hazard Mitigation: CFDA# 83.548
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: N/A
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2000-40431-001

Noncompliance Citation/Reportable Condition

Ohio Rev. Code, Section 5705.41(D), provides that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

This section also provides for the following exceptions to this requirement:

- A. Then and Now Certificates - If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds were free from a previous encumbrance, both at the time the contract or order was entered into and at the time of the certificate. The Board of Trustees may then authorize the fiscal officer to issue a warrant in payment of the amount due upon such contract or order by resolution within thirty (30) days from the receipt of such certificate; or
- B. If the amount involved is less than one thousand dollars (\$1,000), the fiscal officer may authorize payment through a "Then and Now" Certificate without affirmation of the Township Trustees if such expenditure is otherwise valid.

FINDING NUMBER 2000-40431-001
(Continued)

The Township ordered and received goods and/or services without first obtaining the certificate of the Clerk and did not meet the requirements for exceptions to the certificate requirements. As a result, the Township improperly encumbered forty seven percent (47%) of the transactions reviewed. Failure to properly certify the availability of funds can result in overspending and negative cash balances.

Therefore, we recommend the Township properly utilize the encumbrance method of accounting by certifying the availability of funds. The Township should obtain approved purchase orders, which contain the Clerk's certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

FINDING NUMBER 2000-40431-002

Noncompliance Citation

Ohio Rev. Code, Section 5705.39, states that the total appropriation from each fund should not exceed the total estimated revenue. For fiscal year 2000, appropriations exceeded estimated revenue for the YMCA fund (51) as follows:

<u>Estimated Revenue</u>	<u>Appropriation</u>	<u>Variance</u>
\$567,622	\$1,657,375	(\$1,089,753)

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

We recommend that the Board of Trustees and the Clerk review appropriations and estimated resources to determine whether action needs to be taken to amend official budgetary documents.

FINDING NUMBER 2000-40431-003

Reportable Condition

The Township has delegated investment processing, which is a significant accounting function, to Firststar Bank, a third-party administrator. The Township has not established procedures to determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that investment purchases have not been completely and accurately processed in accordance with the investment contract.

We recommend the Township implement procedures to assure the completeness and accuracy investments processed by its third-party administrator. Statement on Auditing Standards (SAS) No. 70 {or 92 for investing} as amended, prescribes standards for reporting on the processing (i.e. control design and operation) of transactions by service organizations. An unqualified Tier II "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" in accordance with SAS No. 70, should provide the Township with an appropriate level of assurance that investments are being processed in conformance with the contract.

**FINDING NUMBER 2000-40431-003
(Continued)**

We recommend the Township specify in their contract with Firststar Bank that an annual Tier II SAS 70 audit report be performed. The Township should be provided a copy of the SAS 70 report timely and should review the report's content. A SAS 70 audit report should be conducted in accordance with American Institute of Certified Public Accountants' (AICPA) standards by a firm registered and considered in "good standing" with the Accountancy Board of the respective State. If the third-party administrator refuses to provide you with a Tier II SAS 70 report, we recommend you only contract with a third-party administrator that will provide such a report.

FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2000-40431-004

CFDA Title and Number	Hazard Mitigation Grant – 83.548
Federal Award Number	FEMA-DR-1164-OH
Federal Awarding Agency	Federal Emergency Management Agency (FEMA)
Pass-Through Agency	Ohio Emergency Management Agency (OEMA)

OMB Circular A-133 § 200(a) states that Non-Federal entities that expend \$300,000 or more in a year in Federal awards shall have a single or program-specific audit conducted for that year. Furthermore, OMB Circular A-133 § 300(e) when read in conjunction with § 320(a) requires recipients of federal grants to ensure that required audits are performed and submitted within nine (9) months after the end of the audit period. For the year ended December 31, 2000, the Township's expended \$512,866 of federal funds. However, the Township did not obtain an audit of its Federal program and submit the audit report by the deadline.

We recommend the Township Clerk review federal program expenditures each year and take action to ensure that a single or program specific audit is performed and submitted within nine months after the end of the audit period.

This page intentionally left blank.

**ANDERSON TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-40431-001	Revised Code, 5705.41(D). Failure to certify funds.	No	Not Corrected. Reported as a Material Noncompliance/Reportable Condition for Fiscal Year 2000 - Finding Number 2000-40431-001.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

ANDERSON TOWNSHIP

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 17, 2002**