

Anderson Township, Ohio



Anderson Township

Basic Financial Statements

December 31, 2014

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anderson Township, Ohio, (the Township) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for 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 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.

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2014, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2016, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Plattensburg & Associates, Inc.

Plattensburg & Associates, Inc.

Cincinnati, Ohio

June 22, 2016

Anderson Township
Statement of Net Position - Modified Cash Basis
December 31, 2014

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	<u>\$32,969,389</u>
Total Assets	<u>32,969,389</u>
Net Position:	
Restricted for:	
Fire District	1,169,935
Permanent Improvements	894,215
Tax Increment Financing Projects	11,674,257
Road and Bridge	2,149,203
Police Services	626,954
Debt Services	27,136
Recreation	448,517
Lighting District	303,738
Other Purposes	169,119
Unrestricted	<u>15,506,315</u>
Total Net Position	<u>\$32,969,389</u>

See accompanying notes to the basic financial statements.

Anderson Township
Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended December 31, 2014

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	\$3,932,359	\$675,084	\$0	\$0	(\$3,257,275)
Public Safety	12,239,337	785,522	0	0	(11,453,815)
Public Works	3,028,377	0	305,135	0	(2,723,242)
Health	97,809	0	0	0	(97,809)
Conservation-Recreation	27,084	0	0	0	(27,084)
Capital Outlay	9,261,386	0	0	1,159,867	(8,101,519)
Debt Service:					
Principal	2,368,811	0	0	0	(2,368,811)
Interest and Other Charges	836,429	0	0	0	(836,429)
Issuance Costs	121,098	0	0	0	(121,098)
Totals	\$31,912,690	\$1,460,606	\$305,135	\$1,159,867	(28,987,082)

General Receipts:

Property Taxes Levied for:

General Purposes	116,575
Road and Bridge	1,847,916
Fire District	6,543,570
Police District	2,427,883
Permissive Motor Vehicle License	339,664
Debt Service	2,930,000
Grants and Entitlements, Not Restricted	2,085,553
Payments in Lieu of Taxes	9,332,653
Investment Earnings	57,274
Casino Receipts	1,000,000
Sale of Refunding Bonds	11,200,000
Payments to Refunded Bond Escrow Agent	(11,634,109)
Premium on Sale of Refunded Bonds	555,207
Other Receipts	935,408

Total General Receipts 27,737,594

Change in Net Position (1,249,488)

Net Position - Beginning of Year 34,218,877

Net Position - End of Year \$32,969,389

See accompanying notes to the basic financial statements.

Anderson Township
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2014

	General	Fire District	TIF	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	<u>\$15,506,315</u>	<u>\$1,169,935</u>	<u>\$11,674,257</u>	<u>\$4,618,882</u>	<u>\$32,969,389</u>
Total Assets	<u>15,506,315</u>	<u>1,169,935</u>	<u>11,674,257</u>	<u>4,618,882</u>	<u>32,969,389</u>
Fund Balances:					
Nonspendable	26	0	0	0	26
Restricted	0	1,169,935	11,674,257	4,618,882	17,463,074
Assigned	4,697,245	0	0	0	4,697,245
Unassigned	<u>10,809,044</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,809,044</u>
Total Fund Balances	<u>15,506,315</u>	<u>1,169,935</u>	<u>11,674,257</u>	<u>4,618,882</u>	<u>32,969,389</u>
Total Liabilities and Fund Balances	<u>\$15,506,315</u>	<u>\$1,169,935</u>	<u>\$11,674,257</u>	<u>\$4,618,882</u>	<u>\$32,969,389</u>

See accompanying notes to the basic financial statements.

Anderson Township
Statement of Receipts, Disbursements
and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Fiscal Year Ended December 31, 2014

	General	Fire District	TIF	Other Governmental Funds	Total Governmental Funds
Receipts:					
Property Taxes and Other Local Taxes	\$116,575	\$6,543,570	\$0	\$7,545,463	\$14,205,608
Charges for Services	0	785,522	0	0	785,522
Investment Earnings	57,274	0	0	0	57,274
Intergovernmental	490,822	933,661	1,193,658	932,414	3,550,555
Licenses, Permits and Fees	628,167	0	0	0	628,167
Fines and Forfeitures	46,917	0	0	0	46,917
Special Assessments	0	0	0	102,362	102,362
Payments in Lieu of Taxes	0	0	9,230,291	0	9,230,291
Casino Receipts	1,000,000	0	0	0	1,000,000
Other Receipts	567,955	156,245	95,589	115,619	935,408
Total Receipts	2,907,710	8,418,998	10,519,538	8,695,858	30,542,104
Disbursements:					
General Government	3,932,359	0	0	0	3,932,359
Public Safety	13,394	9,144,499	0	3,081,444	12,239,337
Public Works	97,540	0	0	2,930,837	3,028,377
Health	97,809	0	0	0	97,809
Conservation-Recreation	4,134	0	0	22,950	27,084
Capital Outlay	113,734	22,173	9,046,778	78,701	9,261,386
Debt Service:					
Principal	0	0	0	2,368,811	2,368,811
Interest and Other Charges	0	0	0	836,429	836,429
Issuance Costs	0	0	0	121,098	121,098
Total Disbursements	4,258,970	9,166,672	9,046,778	9,440,270	31,912,690
Excess of Receipts Over (Under) Disbursements	(1,351,260)	(747,674)	1,472,760	(744,412)	(1,370,586)
Other Financing Sources (Uses):					
Sale of Refunding Bonds	0	0	0	11,200,000	11,200,000
Payments to Refunded Bond Escrow Agent	0	0	0	(11,634,109)	(11,634,109)
Premium on Sale of Refunded Bonds	0	0	0	555,207	555,207
Total Other Financing Sources (Uses)	0	0	0	121,098	121,098
Net Change in Fund Balance	(1,351,260)	(747,674)	1,472,760	(623,314)	(1,249,488)
Fund Balance - Beginning of Year	16,857,575	1,917,609	10,201,497	5,242,196	34,218,877
Fund Balance - End of Year	\$15,506,315	\$1,169,935	\$11,674,257	\$4,618,882	\$32,969,389

See accompanying notes to the basic financial statements.

**Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014**

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.

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

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

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, and fire protection services. The Township contracts with the Hamilton County Sheriff's Office to provide police protection.

Note 2 – Summary of Significant Accounting Policies

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

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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.

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

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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.

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 amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Cash and Investments

Cash received by the Township is deposited into one of several bank accounts with individual fund balance integrity maintained. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. For 2014, interest earned of \$57,274 was allocated to the General Fund.

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

Investments with an original maturity of three months or less at the time of purchase and Investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. All investments as of December 31, 2014 were investments of the cash management pool.

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

The Township records all investments at cost and reports investments at cost. The Township has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2014. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2014.

During 2014 the Township has also invested in Federal Agency Securities, U.S. Treasury Notes and Money Market Funds.

Inventory and Prepaid Items

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

Capital Assets

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

**Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014**

Long Term Obligations

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

Net Position

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

As of December 31, 2014 none of the Township's net position were restricted by enabling legislation.

Fund Balance

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

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

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

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

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

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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

The Township applies restricted resources first when disbursements are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and all major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. Any differences between the budgetary basis and the modified cash basis are outstanding year end encumbrances and are treated as disbursements (budgetary basis) rather than as an assignment of fund balance (modified cash basis). The amount of encumbrances for the General Fund for the year ended December 31, 2014 were \$624,743. The amount of encumbrances for the Fire District Fund for the year ended December 31, 2014 were \$61,241. As part of the Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, certain funds that were previously reported as special revenue funds are considered part of the General Fund on a modified cash basis. This includes the Unclaimed Monies Fund and the Zoning Fund. These funds were excluded from the budgetary presentation for the General Fund.

Note 4 – Deposits and Investments

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

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

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

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

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

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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

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

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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 Township, or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Deposits

At year end, \$8,857,798 of the Township's bank balance of \$27,318,412 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

Investments

At December 31, 2014, the Township had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Federal Home Loan Bank	\$1,988,400	2.67
Federal Home Loan Mortgage Corporation	100,003	0.14
Federal National Mortgage Association	2,876,782	3.13
U.S. Treasury Notes	100,711	0.67
STAR Ohio	500,215	0.13
Money Market Funds	226,797	0.00
	\$5,792,908	
Portfolio Weighted Average Maturity		2.50

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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

Concentration of Credit Risk – The Township places no limit on the amount that may be invested in any one issuer. The Township has invested 34% in Federal Home Loan Bank, 2% in Federal Home Loan Mortgage Association, 50% in Federal National Mortgage, 1% in U.S. Treasury Notes, 9% in Money Market Funds and 4% in STAR Ohio.

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

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2014 represent the collection of 2013 taxes. Real property taxes received in 2014 were levied after October 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2014 represent the collection of 2014 taxes. Public utility real and tangible personal property taxes received in 2013 became a lien on December 31, 2012, were levied after October 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility personal property is currently assessed at varying percentages of true value.

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

The assessed values of real property and public utility property upon which 2014 property tax receipts were based are as follows:

	<u>2014</u>
Real Property	\$1,197,835,720
Public Utility Property	
Personal	<u>26,939,570</u>
Total Assessed Value	<u><u>\$1,224,775,290</u></u>

Note 6 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2014 the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTAMRA provides property and casualty coverage for its members. OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other disbursements resulting from covered claims that exceed the members’ deductibles. Coverage provided by OTAMRA is as follows:

<u>Type of Coverage</u>	<u>Coverage</u>
Legal Liability	\$10,000,000 Per Occurrence
Automobile Liability	10,000,000 Per Occurrence
Wrongful Acts	10,000,000 Per Occurrence
Property	33,605,542 Total Coverage

Note 7 – Pension Plans

Ohio Public Employees Retirement System

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

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

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members and employer contributions rates were consistent across all three plans. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Township is 14% of covered payroll. The contribution rates are determined actuarially. The Township's required contributions to OPERS for the years ended December 31, 2014, 2013 and 2012 were \$285,428, \$278,011 and \$278,443, respectively. The full amount has been contributed for 2014, 2013 and 2012.

Ohio Police and Fire Pension Fund

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

From January 1, 2014 through July 1, 2014, plan members are required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members are required to contribute 11.5% of their annual covered salary, while employers (the Township) are required to contribute 19.5% for police officers and 24.0% for firefighters. The Township's contributions to OP&F for the years ending December 31, 2014, 2013 and 2012 were \$1,231,031, \$1,253,509, \$1,227,350, respectively. The full amount has been contributed for 2014, 2013 and 2012.

Note 8 – Post Employment Benefits

Ohio Public Employees Retirement System

Plan Description

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

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

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

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

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

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

Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, the Township contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post-employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code section 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees 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.

Information from Township's Records

The rates stated in Funding Policy, above, are the contractually required contribution rates for OPERS. The Township's actual contributions for the current year, which were used to fund postemployment benefits, were \$40,759 for 2014, \$19,850 for 2013, and \$79,551 for 2012. The full amount has been contributed for 2014, 2013 and 2012.

OPERS Board of Trustees Adopt Changes to the Health Care Plan

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

**Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014**

Ohio Police and Fire Pension Fund

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 healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

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

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

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

Funding Policy

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and Section 401(h) account as the employer contribution for retiree healthcare benefits. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2014 thru December 31, 2014. For the year ended December 31, 2014, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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

Information from Township's Records

The Township's contributions to OP&F for the year ending December 31, 2014 was \$25,852; and was \$186,195 for year ending December 31, 2013; and was \$344,885 for the year ending December 31, 2012, and were allocated to the healthcare plan. The actual contributions for 2014, 2013 and 2012 were 100%.

Note 9 –Debt

The Township's long-term debt activity for the year ended December 31, 2014 was as follows:

	Rate	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014	Due Within One Year
Governmental Activities						
<u>Bonds Payable</u>						
OPWC - CB20E	3.00%	\$98,969	\$0	(\$65,487)	\$33,482	\$33,482
OPWC - CB07F	3.00%	135,311	0	(89,533)	45,778	45,778
OPWC - CB24F	3.00%	119,075	0	(78,791)	40,284	40,284
2007 Various Purpose Bonds*	4.00-5.00%	17,285,000	0	(12,710,000)	4,575,000	2,240,000
2014 Refunding	1.00-4.00%	0	11,200,000	0	11,200,000	240,000
2014 Premium on Refunding		0	555,207	0	555,207	0
Total Governmental Activities		<u>\$17,638,355</u>	<u>\$11,755,207</u>	<u>(\$12,943,811)</u>	<u>\$16,449,751</u>	<u>\$2,599,544</u>

*-\$10,575,000 was refunded in 2014 and a principal payment of \$2,135,000 was made in 2014

The Township was awarded \$583,458 by the Ohio Public Works Commission on July 1, 2001, for the Ayershire/Wilshire/Sunray (CB20E) street reconstruction project in the form of a loan. The loan will be repaid in semiannual payments of \$33,984 on January 1 and July 1 of each year for 10 years. The final payment is due on July 1, 2015. The loan is collateralized by Township tax receipts.

The Township was awarded \$797,700 by the Ohio Public Works Commission on July 1, 2002, for the Sherman/Coolidge/Brooke/Shirmer (CB07F) storm sewer detention and paving project in the form of a loan. The loan will be repaid in semi-annual payments of \$46,463 of January 1 and July 1 of each year for 10 years. The final payment is due on July 1, 2015. This loan is collateralized by Township tax receipts.

The Township was awarded \$702,000 by the Ohio Public Works Commission on November 1, 2002 for the Collinsdale Drive (CB24F) reconstruction project in the form of a loan. The loan will be repaid in semi-annual payments of \$40,889 on January 1 and July 1 of each year for 10 years. The financial payment is due on July 1, 2015. The loan is collateralized by Township tax receipts.

The Township issued \$29,470,000 in various purpose bonds in 2007 to repay bond anticipation notes issued for construction of an administrative center. These bonds were refunded in 2014 and the un-refunded portion will mature in 2016 and require semi-annual payments due June 1 and December 1.

In December 2014, the Township issued \$11,200,000 in various purpose refunding bonds with an average interest rate of 2.46% of which \$11,200,000 was used to advance refund \$10,575,000 of

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

outstanding 2007 various purpose bonds average interest rates between 4.00% and 5.00%. The net proceeds of \$11,634,109 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the refunded bonds. As a result, \$10,575,000 of the 2007 various purpose bonds are considered to be defeased and the related liability for those bonds have been removed from the Statement of Net Position.

The Township advance refunded a portion of the 2007 various purpose bonds to reduce its total debt service payments by \$466,887 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$445,742.

The following is a summary of the Township's future annual debt service requirements as of December 31, 2014:

Year Ending December 31	General Obligation and Refunding Bonds		OPWC Loans	
	Principal	Interest	Principal	Interest
2015	\$2,480,000	\$463,996	\$119,544	\$1,793
2016	2,565,000	378,888	0	0
2017	2,600,000	257,537	0	0
2018	2,645,000	205,537	0	0
2019	2,710,000	143,137	0	0
2020	2,775,000	79,937	0	0
Total	<u>\$15,775,000</u>	<u>\$1,529,032</u>	<u>\$119,544</u>	<u>\$1,793</u>

Note 10 – Contingent Liability

The Township is not party to any legal proceedings.

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Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

Note 11 – 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:

Fund Balances	General	Fire District	TIF	Other Governmental Funds	Total
Nonspendable					
Unclaimed Monies	\$26	\$0	\$0	\$0	\$26
Restricted for:					
Fire District	0	1,169,935	0	0	1,169,935
TIF	0	0	11,674,257	0	11,674,257
Motor Vehicle License	0	0	0	8,083	8,083
Gasoline Tax	0	0	0	9,713	9,713
Road and Bridge	0	0	0	2,149,203	2,149,203
Lighting District	0	0	0	303,738	303,738
Police	0	0	0	626,954	626,954
Greenspace Levy	0	0	0	448,517	448,517
Permissive Tax	0	0	0	151,323	151,323
Bond Retirement	0	0	0	27,136	27,136
Permanent Improvement	0	0	0	894,215	894,215
Total Restricted	0	1,169,935	11,674,257	4,618,882	17,463,074
Assigned to:					
Encumbrances	785,545	0	0	0	785,545
Next Year's Budget	3,911,700	0	0	0	3,911,700
Total Assigned	4,697,245	0	0	0	4,697,245
Unassigned (Deficit)	10,809,044	0	0	0	10,809,044
Total Fund Balance	<u>\$15,506,315</u>	<u>\$1,169,935</u>	<u>\$11,674,257</u>	<u>\$4,618,882</u>	<u>\$32,969,389</u>