

Anderson Township, Ohio



Anderson Township

Basic Financial Statements

December 31, 2015

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, 2015, 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, 2015, 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, 2015

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	<u>\$31,581,069</u>
Total Assets	<u>31,581,069</u>
Net Position:	
Restricted for:	
Fire District	1,291,929
Permanent Improvements	858,654
Tax Increment Financing Projects	11,530,502
Road and Bridge	2,263,976
Police Services	933,949
Debt Services	43,323
Recreation	431,850
Lighting District	85,873
Other Purposes	193,786
Unrestricted	<u>13,947,227</u>
Total Net Position	<u>\$31,581,069</u>

See accompanying notes to the basic financial statements.

Anderson Township
Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended December 31, 2015

	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	\$3,725,036	\$666,293	\$0	\$0	(\$3,058,743)
Public Safety	10,860,261	852,518	0	0	(10,007,743)
Public Works	2,873,072	0	336,475	0	(2,536,597)
Health	99,851	0	0	0	(99,851)
Conservation-Recreation	26,391	0	0	0	(26,391)
Capital Outlay	13,539,872	0	0	1,203,168	(12,336,704)
Debt Service:					
Principal	2,599,544	0	0	0	(2,599,544)
Interest and Other Charges	465,786	0	0	0	(465,786)
Totals	\$34,189,813	\$1,518,811	\$336,475	\$1,203,168	(31,131,359)

General Receipts:

Property Taxes Levied for:

General Purposes	105,200
Road and Bridge	1,887,962
Fire District	6,548,438
Police District	2,459,989
Permissive Motor Vehicle License	319,192
Debt Service	2,960,000
Grants and Entitlements, Not Restricted	2,081,047
Payments in Lieu of Taxes	11,886,623
Investment Earnings	184,863
Casino Receipts	250,000
Sale of Capital Assets	149,994
Other Receipts	909,731

Total General Receipts and Advances

29,743,039

Change in Net Position

(1,388,320)

Net Position - Beginning of Year

32,969,389

Net Position - End of Year

\$31,581,069

See accompanying notes to the basic financial statements.

Anderson Township
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2015

	<u>General</u>	<u>Fire District</u>	<u>TIF</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in Pooled Cash and Investments	<u>\$13,947,227</u>	<u>\$1,291,929</u>	<u>\$11,062,040</u>	<u>\$5,279,873</u>	<u>\$31,581,069</u>
Total Assets	<u>13,947,227</u>	<u>1,291,929</u>	<u>11,062,040</u>	<u>5,279,873</u>	<u>31,581,069</u>
Fund Balances:					
Nonspendable	26	0	0	0	26
Restricted	0	1,291,929	11,062,040	5,279,873	17,633,842
Assigned	3,783,287	0	0	0	3,783,287
Unassigned	<u>10,163,914</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,163,914</u>
Total Fund Balances	<u>13,947,227</u>	<u>1,291,929</u>	<u>11,062,040</u>	<u>5,279,873</u>	<u>31,581,069</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, 2015

	General	Fire District	TIF	Other Governmental Funds	Total Governmental Funds
Receipts:					
Property Taxes and Other Local Taxes	\$105,200	\$6,548,438	\$0	\$7,627,143	\$14,280,781
Charges for Services	0	852,518	0	0	852,518
Investment Earnings	184,863	0	0	0	184,863
Intergovernmental	424,399	930,873	1,203,168	1,062,249	3,620,689
Licenses, Permits and Fees	616,263	0	0	0	616,263
Fines and Forfeitures	50,029	0	0	0	50,029
Special Assessments	0	0	0	95,348	95,348
Payments in Lieu of Taxes	0	0	10,519,780	1,271,495	11,791,275
Casino Receipts	250,000	0	0	0	250,000
Other Receipts	492,373	110,071	222,055	85,234	909,733
Total Receipts	2,123,127	8,441,900	11,945,003	10,141,469	32,651,499
Disbursements:					
General Government	3,725,036	0	0	0	3,725,036
Public Safety	9,135	8,288,632	0	2,562,494	10,860,261
Public Works	103,404	0	0	2,769,668	2,873,072
Health	99,851	0	0	0	99,851
Conservation-Recreation	8,405	0	0	17,986	26,391
Capital Outlay	86,378	31,274	12,557,220	865,000	13,539,872
Debt Service:					
Principal	0	0	0	2,599,544	2,599,544
Interest and Other Charges	0	0	0	465,786	465,786
Total Disbursements	4,032,209	8,319,906	12,557,220	9,280,478	34,189,813
Excess of Receipts Over (Under) Disbursements	(1,909,082)	121,994	(612,217)	860,991	(1,538,314)
Other Financing Receipts (Disbursements):					
Sale of Capital Assets	149,994	0	0	0	149,994
Advances In	200,000	0	0	0	200,000
Advances (Out)	0	0	0	(200,000)	(200,000)
Total Other Financing Receipts (Disbursements)	349,994	0	0	(200,000)	149,994
Net Change in Fund Balance	(1,559,088)	121,994	(612,217)	660,991	(1,388,320)
Fund Balance - Beginning of Year	15,506,315	1,169,935	11,674,257	4,618,882	32,969,389
Fund Balance - End of Year	\$13,947,227	\$1,291,929	\$11,062,040	\$5,279,873	\$31,581,069

See accompanying notes to the basic financial statements.

**Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015**

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, 2015

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, 2015

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, 2015

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 2015, interest earned of \$184,863 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, 2015 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 2015. 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, 2015.

During 2015 the Township has also invested in Federal Agency Securities, Negotiable Certificates of Deposit 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, 2015

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.

Pensions

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

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, 2015 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.

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

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

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

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

Note 3 – Deposits and Investments

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

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

Inactive deposits are public deposits that the 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:

- (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

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

agency securities shall be direct issuances of federal government agencies or instrumentalities;

- (3) Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- (4) Bond and other obligations of the State of Ohio, its political subdivisions, or other units or agencies of this State or its political subdivisions;
- (5) Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
- (6) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- (7) The State Treasurer's investment pool (STAR Ohio);
- (8) Securities lending agreements in which the Township lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
- (9) High grade commercial paper in an amount not to exceed five percent of the Township's total average portfolio; and
- (10) Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the Township's total average portfolio.

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

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

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

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, \$6,608,755 of the Township’s bank balance of \$20,397,002 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, 2015, the Township had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Federal Home Loan Bank	\$498,510	1.89
Federal Home Loan Mortgage Corporation	100,083	1.19
Federal National Mortgage Association	1,491,275	2.05
Negotiable Certificates of Deposit	8,890,718	1.25
STAR Ohio	500,747	0.14
Money Market Funds	238,110	0.00
	\$11,719,443	
Portfolio Weighted Average Maturity		1.31

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. STAR Ohio investments were rated AAAM by Standard & Poor’s. Money Market Funds and Negotiable Certificates of Deposit were not rated.

Concentration of Credit Risk – The Township places no limit on the amount that may be invested in any one issuer. The Township has invested 4% in Federal Home Loan Bank, 1% in Federal Home Loan Mortgage Corporation, 13% in Federal National Mortgage Association, 76% in Negotiable Certificates of Deposit, 2% in Money Market Funds and 4% in STAR Ohio.

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

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 and public utility property located in the Township. Property tax revenue received during 2015 for real and public utility property taxes represents collections of 2014 taxes.

2015 real property taxes are levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes, which became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes.

The assessed values of real property and public utility property upon which 2015 property tax receipts were based are as follows:

	<u>2015</u>
Real Property	\$1,181,873,700
Public Utility Property Personal	28,049,960
Total Assessed Value	<u><u>\$1,209,923,660</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 2015 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:

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

<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 – Defined Benefit Pension Plans

Net Pension Liability - Description

For 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68” were effective. These GASB pronouncements had no effect on beginning net position as reported December 31, 2014, as the net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below.

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Township’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Township’s obligation for this liability to annually required payments. The Township cannot control benefit terms or the manner in which pensions are financed; however, the Township does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Township employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The

**Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015**

member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group.

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

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

Anderson Township
Notes to the Basic Financial Statements
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Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2015 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2015 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township’s contractually required contribution for OPERS was \$286,062 for year 2015.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - Township full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

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

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Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

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

	<u>Police</u>	<u>Firefighters</u>
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
2015 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Township's contractually required contribution to OPF was \$1,254,987 for 2015.

Net Pension Liability

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. The Township's proportion of the net pension liability was based on the Township's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability:			
Employees except Police and Fire	\$1,809,891		\$1,809,891
Police	61,874		61,874
Fire		\$14,863,103	14,863,103
Proportion of the Net Pension Liability:			
Employees except Police and Fire	0.0150060%		
Police	0.0005130%		
Fire		0.2869094%	

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Notes to the Basic Financial Statements
For The Year Ended December 31, 2015**

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans.

**Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015**

The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

Discount Rate

The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Township’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Township’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Township’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Township's proportionate share of the net pension liability:			
Employees except Police and Fire	\$3,329,681	\$1,809,891	\$529,862
Police	113,830	61,874	18,114

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of

Anderson Township
Notes to the Basic Financial Statements
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their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

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Anderson Township
Notes to the Basic Financial Statements
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Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2014 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	(0.25) %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
Total	120.00 %	

* levered 2x

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate

The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Township's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

**Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015**

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Township's proportionate share of the net pension liability:			
Fire	\$20,557,920	\$14,863,103	\$10,041,325

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 care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2014 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.

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, 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 2015. 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 \$40,857 for 2015, \$42,009 for 2014, and \$19,850 for 2013. The full amount has been contributed for 2015, 2014 and 2013.

OPERS Board of Trustees Adopt Changes to the Health Care Plan

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

Ohio Police and Fire Pension Fund

Plan Description

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.

Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

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. OP&F allocates a portion of the contributions to the Health Care Stabilization Fund (HCSF) and the rest to the pension fund. The allocation to the HCSF for 2014 was 0.5% of salary (latest information available). 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).

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, 2015 was \$26,146; and was \$25,852 for year ending December 31, 2014; and was \$186,195 for the year ending December 31, 2013, and were allocated to the healthcare plan. The actual contributions for 2015, 2014 and 2013 were 100%.

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Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

Note 9 –Debt

The Township’s long-term debt activity for the year ended December 31, 2015 was as follows:

	Rate	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Debt:						
OPWC - CB20E	3.00%	\$33,482	\$0	(\$33,482)	\$0	\$0
OPWC - CB07F	3.00%	45,778	0	(45,778)	0	0
OPWC - CB24F	3.00%	40,284	0	(40,284)	0	0
2007 Various Purpose Bonds	4.00-5.00%	4,575,000	0	(2,240,000)	2,335,000	2,335,000
2014 Refunding	1.00-4.00%	11,200,000	0	(240,000)	10,960,000	230,000
2014 Premium on Refunding		555,207	0	(111,041)	444,166	0
Total Debt		<u>\$16,449,751</u>	<u>\$0</u>	<u>(\$2,710,585)</u>	<u>\$13,739,166</u>	<u>\$2,565,000</u>

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.

The Township issued \$11,200,000 in refunding various purpose bonds in 2014 to partially refund \$10,575,000 in 2007 various purpose bonds. The bonds will mature in 2020 and require semi-annual payments due June 1 and December 1. The Township placed the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the Township’s financial statements. As of December 31, 2015, \$10,575,000 of bonds outstanding are considered defeased.

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Anderson Township
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

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

Year Ending December 31	Debt	
	Principal	Interest
2016	\$2,565,000	\$368,113
2017	2,600,000	315,912
2018	2,645,000	263,912
2019	2,710,000	143,137
2020	2,775,000	79,937
Total	\$13,295,000	\$1,171,011

Note 10 – Contingent Liability

The Township is not party to any legal proceedings.

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	1,291,929	0	0	1,291,929
TIF	0	0	11,062,040	468,462	11,530,502
Motor Vehicle License	0	0	0	3,815	3,815
Gasoline Tax	0	0	0	39,456	39,456
Road and Bridge	0	0	0	2,263,976	2,263,976
Lighting District	0	0	0	85,873	85,873
Police	0	0	0	933,949	933,949
Greenspace Levy	0	0	0	431,850	431,850
Permissive Tax	0	0	0	150,515	150,515
Bond Retirement	0	0	0	43,323	43,323
Permanent Improvement	0	0	0	858,654	858,654
Total Restricted	0	1,291,929	11,062,040	5,279,873	17,633,842
Assigned to:					
Encumbrances	1,658,687	0	0	0	1,658,687
Next Year's Budget	2,124,600	0	0	0	2,124,600
Total Assigned	3,783,287	0	0	0	3,783,287
Unassigned (Deficit)	10,163,914	0	0	0	10,163,914
Total Fund Balance	\$13,947,227	\$1,291,929	\$11,062,040	\$5,279,873	\$31,581,069