

***DELHI TOWNSHIP
HAMILTON COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Delhi Township
934 Neeb Road
Cincinnati, Ohio 45233

We have reviewed the *Report of Independent Accountants* of Delhi Township, Hamilton County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Delhi Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 27, 2009

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

This Page is Intentionally Left Blank.

**DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2008 & 2007**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Report of Independent Accountants	1-2
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008	3
Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Cash Balances- Proprietary Fund Types For the Year Ended December 31, 2008	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007	5
Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Cash Balances- Proprietary Fund Types For the Year Ended December 31, 2007	6
Notes to the Financial Statements	7-17
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Required by <i>Government Auditing Standards</i>	18-19
Schedule of Audit Findings	20-22
Schedule of Prior Audit Findings	23

Rockefeller Building
614 W Superior Ave Ste1242
Cleveland OH 44113-1306

Charles E. Harris & Associates, Inc.
Certified Public Accountants

Phone - (216) 575-1630
Fax - (216) 436-2411

REPORT OF INDEPENDENT ACCOUNTANTS

Delhi Township
Hamilton County
934 Neeb Road
Cincinnati, Ohio 45233

To the Board of Trustees:

We have audited the accompanying financial statements of Delhi Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 and 2007. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or its changes in financial position or its cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Delhi Township, Hamilton County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2009, 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, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Charles E. Harris & Associates, Inc.

June 30, 2009

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2008

	Governmental Fund Types				Total Memorandum Only
	General	Special Revenue	Debt Service	Capital Projects	
Receipts:					
Property and Local Taxes	\$ 317,943	\$ 6,714,307	\$ -	\$ -	\$ 7,032,250
Charges for Services	-	472,463	-	-	472,463
Intergovernmental	1,906,534	2,086,662	-	143,282	4,136,478
Payment in Lieu of Taxes	-	3,426,357	-	-	3,426,357
Special Assessments	-	30,259	-	-	30,259
Licenses, Permits, and Fees	236,985	14,597	-	-	251,582
Fines and Forfeitures	19,659	11,672	-	-	31,331
Interest	370,149	8,460	-	-	378,609
Other	135,595	229,059	-	2,266	366,920
Total Receipts	2,986,865	12,993,836	-	145,548	16,126,249
Disbursements:					
General Government	1,589,044	111,066	-	-	1,700,110
Public Safety	465	6,852,126	-	-	6,852,591
Public Works	26,815	702,450	-	-	729,265
Health	28,646	-	-	-	28,646
Conservation-Recreation	569	548,362	-	-	548,931
Other	-	62,173	-	-	62,173
Payments to Schools	-	1,988,039	-	-	1,988,039
Capital Outlay	116,571	1,503,156	-	200,344	1,820,071
Debt Service:					
Principal	-	123,211	350,000	-	473,211
Interest	-	10,236	305,025	-	315,261
Total Disbursements	1,762,110	11,900,819	655,025	200,344	14,518,298
Total Receipts Over/(Under) Disbursements	1,224,755	1,093,017	(655,025)	(54,796)	1,607,951
Other Financing Sources/(Uses):					
Transfers-In	-	148,209	655,025	-	803,234
Transfers-Out	(148,209)	(655,025)	-	-	(803,234)
Total Other Financing Sources/(Uses)	(148,209)	(506,816)	655,025	-	-
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	1,076,546	586,201	-	(54,796)	1,607,951
Fund Cash Balance, January 1	3,429,980	4,756,980	535	125,456	8,312,951
Fund Cash Balance, December 31	\$ 4,506,526	\$ 5,343,181	\$ 535	\$ 70,660	\$ 9,920,902
Reserve for Encumbrances, December 31	\$ 47,053	\$ 168,411	\$ -	\$ -	\$ 215,464

See Accompanying Notes to the Financial Statements.

**DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
Proprietary Fund Types
For the Year Ended December 31, 2008**

	<u>Enterprise</u>
Receipts:	
Charges for Services	\$ 22,630
Total Receipts	22,630
Disbursements:	
Personal Services	10,574
Fringe Benefits	1,438
Material and Supplies	14,717
Other	2,772
Total Disbursements	29,501
Excess of Receipts Over/(Under) Disbursements	(6,871)
Fund Cash Balance, January 1, 2008	23,788
Fund Cash Balance, December 31, 2008	\$ 16,917

See Accompanying Notes to the Financial Statements.

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2007

	Governmental Fund Types				Total Memorandum Only
	General	Special Revenue	Debt Service	Capital Projects	
Receipts:					
Property and Local Taxes	\$ 348,314	\$ 7,065,639	\$ -	\$ -	\$ 7,413,953
Charges for Services	-	521,505	-	-	521,505
Intergovernmental	1,715,834	1,771,923	-	370,431	3,858,188
Payment in Lieu of Taxes	-	3,103,772	-	-	3,103,772
Special Assessments	-	27,792	-	-	27,792
Licenses, Permits, and Fees	235,570	19,726	-	-	255,296
Fines and Forfeitures	22,243	7,032	-	-	29,275
Interest	443,388	13,392	-	-	456,780
Other	58,046	301,988	-	33,698	393,732
Total Receipts	2,823,395	12,832,769	-	404,129	16,060,293
Disbursements:					
General Government	1,316,380	123,845	-	-	1,440,225
Public Safety	2,558	6,629,041	-	-	6,631,599
Public Works	26,106	762,555	-	-	788,661
Health	28,297	-	-	-	28,297
Conservation-Recreation	2,632	487,944	-	-	490,576
Other	-	45,123	-	-	45,123
Payments to Schools	-	1,768,577	-	-	1,768,577
Capital Outlay	2,743	1,408,744	-	348,094	1,759,581
Debt Service:					
Principal	-	209,283	340,000	-	549,283
Interest	-	7,185	316,925	-	324,110
Total Disbursements	1,378,716	11,442,297	656,925	348,094	13,826,032
Total Receipts Over/(Under)					
Disbursements	1,444,679	1,390,472	(656,925)	56,035	2,234,261
Other Financing Sources/(Uses):					
Transfers-In	-	140,400	656,925	-	797,325
Transfers-Out	(140,400)	(656,925)	-	-	(797,325)
Total Other Financing Sources/(Uses)	(140,400)	(516,525.00)	656,925	-	-
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	1,304,279	873,947	-	56,035	2,234,261
Fund Cash Balance, January 1	2,125,701	3,883,033	535	69,421	6,078,690
Fund Cash Balance, December 31	\$ 3,429,980	\$ 4,756,980	\$ 535	\$ 125,456	\$ 8,312,951
Reserve for Encumbrances, December 31	\$ 95,132	\$ 96,607	\$ -	\$ -	\$ 191,739

See Accompanying Notes to the Financial Statements.

**DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
Proprietary Fund Types
For the Year Ended December 31, 2007**

	<u>Enterprise</u>
Receipts:	
Charges for Services	\$ 49,245
Total Receipts	49,245
Disbursements:	
Personal Services	14,150
Fringe Benefits	2,070
Material and Supplies	30,385
Other	2,547
Total Disbursements	49,152
Excess of Receipts Over/(Under) Disbursements	93
Fund Cash Balance, January 1, 2007	23,695
Fund Cash Balance, December 31, 2007	\$ 23,788

See Accompanying Notes to the Financial Statements.

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

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

The Township's management believes these financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

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

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

C. CASH

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

- Police District Fund-This fund receives property tax money to provide police protection to the Township.
- Fire District Fund-This fund receives property tax money to provide fire protection to the Township.
- Tax Increment Equivalent Fund-This fund receives payments in lieu of taxes from real property parcels enrolled in the tax increment financing program. These monies are used to finance the costs of public improvements and are distributed to local school districts.

Debt Service Fund: This fund is used to accumulate resources for the payment of indebtedness. Transfers are made from the General Fund and the Tax Increment Equivalent Fund. The Township had the following significant Debt Service Fund:

- General Bond (Note) Retirement Fund-This fund receives transfers from the General Fund and the Tax Increment Equivalent Fund which are used to pay bonds and loans.

Capital Projects: This fund is used to account for resources to be used for the acquisition or construction of capital assets. The Township has the following significant Capital Projects Funds:

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

- OPWC-Morrvue/Pembina
- OPWC-WindfieldKnolls
- OPWC-Friendly Acres

These funds received OPWC grants for the reconstruction of the areas identified in the name of the fund.

- Veterans Wall-This fund receives money for the construction of the veteran's wall located within the Township.

Proprietary Fund Types:

Enterprise Funds: To account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

The Township has the following significant Enterprise Fund:

- Concession Stand Fund- This fund receives concession stand proceeds from Township parks.

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Fiscal Officer, approved by the Township Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The certificate is approved by the county budget commission and sent to the Township Fiscal Officer by September 1.

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS- (Continued)

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Fiscal Officer sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Fiscal Officer identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2007 and 2008. However, those fund balances are available for appropriation.

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

3. Encumbrances

The Township is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated.

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. PROPERTY, PLANT AND EQUIPMENT

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

G. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2008</u>	<u>2007</u>
Demand Deposits	\$540,256	\$390,931
Certificates of Deposit	11,000	11,000
Total Deposits	<u>551,256</u>	<u>401,931</u>
STAR Ohio	1,005,526	357,441
Federal Agency Notes	8,381,037	7,577,367
Total Investments	<u>9,386,563</u>	<u>7,934,808</u>
Total	<u>\$9,937,819</u>	<u>\$8,336,739</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

Investments: Federal Agency Notes are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

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

**DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007**

3. PROPERTY TAXES

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. 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 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

Public utilities are also taxed on personal and real property located within the Township.

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

The County Treasurer collects property tax on behalf of all taxing authorities within the county. The County Auditor periodically remits to the taxing authorities their portions of the taxes collected.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

<u>Fund:</u>	<u>2008 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 2,763,840	\$ 2,986,865	\$ 223,025
Special Revenue Funds	13,375,320	13,142,045	(233,275)
Debt Service Funds	656,925	655,025	(1,900)
Capital Projects Funds	281,569	145,548	(136,021)
Enterprise Fund	22,630	22,630	-

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

4. BUDGETARY ACTIVITY – (Continued)

2008 Budgeted vs Actual Budgetary Basis Expenditures

<u>Fund:</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$2,194,170	\$1,957,372	236,798
Special Revenue Funds	13,846,253	12,724,255	1,121,998
Debt Service Funds	655,025	655,025	-
Capital Projects Funds	278,303	200,344	77,959
Enterprise Fund	37,174	29,501	7,673

2007 Budgeted vs Actual Receipts

<u>Fund:</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$2,752,002	\$ 2,823,395	\$ 71,393
Special Revenue Funds	12,821,525	12,973,169	151,644
Debt Service Funds	656,925	656,925	-
Capital Projects Funds	683,698	404,129	(279,569)
Enterprise Fund	49,445	49,245	(200)

2007 Budgeted vs Actual Budgetary Basis Expenditures

<u>Fund:</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$ 1,787,911	\$ 1,614,248	\$173,663
Special Revenue Funds	12,962,951	12,195,829	767,122
Debt Service Funds	656,925	656,925	-
Capital Projects Funds	683,670	348,094	335,576
Enterprise Fund	57,400	49,152	8,248

The Township did not amend their estimated resources for several funds in violation of ORC Section 5705.36.

5. RETIREMENT SYSTEM

The Township's full-time firefighters belong to the Ohio Police & Fire Pension Fund (OP&F). All other employees (with the exception of part time firefighters) belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are state operated, cost sharing, multiple employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

5. RETIREMENT SYSTEM – (Continued)

Contribution rates are prescribed by the Ohio Revised Code. Members of OP&F contributed 10.0% of their gross pay, while the Township contributed 24% for 2007 and 2008. OPERS members contributed 9.5% in 2007 and 10.0% in 2008 of their gross pay while the Township contributed an amount equal to 13.85% in 2007 and 14.00% in 2008 of covered payroll. Sworn police officers contributed 10.1% in both 2007 and 2008 while the Township contributed an amount equal to 17.07% in 2007 and 17.4% in 2008 of covered payroll.

Part time firefighters are not eligible for OPERS or OP&F membership. An amount equal to 6.2% of their gross pay is paid to the Social Security System by both the employee and the Township.

The Township paid all required contributions through 2008.

6. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

RISK POOL MEMBERSHIP

The Township belongs to the Ohio Government Risk Management Plan (“the Plan”), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 600 Ohio governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member’s needs. The Plan pays judgments, settlements, and other expenses resulting from covered claims that exceed the member’s deductible. Although its exposure is concentrated to a single geographical area, such exposure is reduced by the practice of reinsuring no less than 90% of coverage provided, with the exception of its paid loss ratio cap on old casualty reinsurance layers.

Effective September 1, 2002, the Plan began retaining 5% of the premium and losses on the first \$500,000 casualty treaty and 5% of the first \$1,000,000 property treaty. Effective November 1, 2005, the Plan began retaining 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty.

**DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007**

6. RISK MANAGEMENT – (Continued)

In 2002, the Plan elected to participate in a loss corridor deductible in its first \$500,000 of casualty reinsurance to control reinsurance costs. The corridor includes losses paid between 55% and 65% of premiums earned under this treaty. If the Plan's paid loss ratio reaches 55%, the Plan would pay all the losses incurred related to this treaty up to the next 10% of premiums earned. Reinsurance coverage would resume after a paid loss ratio of 65% is exceeded. Effective September 1, 2003, the corridor is for losses paid between 62% and 67% of premiums earned. Effective November, 2004, the corridor is for losses paid between 65% and 70% of premiums earned.

The Pool's audited financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and member's equity at December 31:

	<u>2008</u>	<u>2007</u>
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>5,286,781</u>	<u>4,273,553</u>
Member's Equity	<u>\$ 5,184,333</u>	<u>\$ 6,862,901</u>

You can read the complete audited financial statements for the Ohio Government Risk Management at the Plan's website, www.ohioplan.org.

There have been no significant reductions in insurance coverage from the prior fiscal years and settled claims have not exceeded this commercial coverage in any of the last three years. The Township pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

7. CAPITAL LEASE – LESSEE DISCLOSURE

During 2008 the Township entered into a 36 month lease agreement with Fifth Third Bank for the acquisition of a fire truck. The terms of the Agreement provide options to purchase the equipment. Payments are \$58,572 per quarter with interest at 3.20%.

Also during 2008, the Township entered into a 84 month lease agreement with Fifth Third Bank for the acquisition of certain property located within the Township. The terms of the agreement provide options to purchase. Payments are \$11,250 per month with interest at 3.042%.

These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

7. CAPITAL LEASE – LESSEE DISCLOSURE – (Continued)

The following is a schedule of the future minimum lease payments.

<u>Year Ending</u>	<u>Amount</u>
December 31, 2009	\$369,292
December 31, 2010	369,292
December 31, 2011	252,148
December 31, 2012	135,003
December 31, 2013	135,003
December 31, 2014	135,003
December 31, 2015	<u>135,003</u>
Total minimum lease payments	1,530,744
Less: Amount representing imputed interest cost	<u>(119,989)</u>
Present value of minimum lease payments	<u>\$1,410,755</u>

8. DEBT

Debt outstanding at December 31, 2008 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$6,225,000	Varies
Ohio Public Works Commission	246,300	0.00%
	<u>\$6,471,300</u>	

The Township issued general obligation bonds to finance the purchase of a new firehouse, related equipment and the renovation of an existing firehouse. The Township's taxing authority collateralized the bonds.

The Ohio Public Works loans were issued in 2003 to finance the reconstruction of specific Township road projects.

**DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007**

8. DEBT – (Continued)

Principal and interest requirements for debt outstanding at December 31, 2008 is as follows:

<u>Year Ended</u>	<u>Bonds</u>	<u>OPWC</u>
2009	\$ 657,075	\$16,303
2010	657,840	16,303
2011	657,640	16,303
2012	656,445	16,303
2013	659,020	16,303
2014-2018	3,281,250	81,515
2019-2023	1,966,500	81,515
2024	-	1,755
Total	<u>\$6,569,270</u>	<u>\$246,300</u>

9. INTERFUND TRANSFERS/ADVANCES

Transfers are used to move revenues from the general fund to provide additional resources for current operations in other funds and to move revenues from the tax increment equivalent fund which statute or budget require to collect funds to the debt service fund which is required to service debt. All requirements of the Ohio Revised Code were followed.

10. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

During the course of normal governmental operation the Township is subject to a variety of lawsuits. However, the Township is of the opinion that ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the Township.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Delhi Township
Hamilton County
934 Neeb Road
Cincinnati, Ohio 45233

To the Board of Trustees:

We have audited the financial statements of Delhi Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 30, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the deficiency described in the accompanying schedule of findings as item 2008-DEL-02 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2008-DEL-01 and 02.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We also noted other matters that we have reported to management of the Township in a separate letter dated June 30, 2009.

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

Charles E. Harris and Associates, Inc.

June 30, 2009

**DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS
For the Years Ended December 31, 2008 and 2007**

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

Finding Number 2008-DEL-01-Noncompliance Citation

Ohio Revised Code Section 5705.36 allows subdivisions to request increased amended certificates of estimated resources and reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

Although the Township amended its estimated resources throughout the year, the Township was not in compliance with the above requirement for several funds. The following funds had actual revenues which were (less) than budgeted revenues and the deficiency reduced available resources below the level of appropriation at December 31:

Fund	2008		2007	
	Revenue Deficiency	Variance Est Resources vs Appropriations	Revenue Deficiency	Variance Est Resources vs Appropriations
Capital-OPWC Morrvue/Pembina	\$(136,021)	\$(136,021)	-	-
Capital- Winfield/Knolls	-	-	\$(68,758)	\$(68,758)
Capital-Wilke Basil Rehab	-	-	\$(180,000)	\$(180,000)
Capital-Friendly Acres	-	-	\$(30,811)	\$(30,811)

By not amending its certificate of estimated resources, the Township cannot make reasonable decisions regarding the monies it has available for appropriation and expenditure. The Township Board should monitor its budgeted revenues versus its actual revenues throughout the year and amend its certificate of estimated resources accordingly.

**DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS
For the Years Ended December 31, 2008 and 2007**

Finding Number 2008-DEL-01-Noncompliance Citation- (Continued)

Management Response:

Management indicated that budgeted revenues versus actual revenues are monitored throughout the year. In all four instances of non compliance noted, although actual revenues were less than estimated revenues, only amounts received were spent. In fact the Township does not actually receive or expend the funds involved. They merely record the OPWC payments to contractors and the corresponding receipt when they receive notification from OPWC that the contractor has been paid.

Finding Number 2008-DEL-02-Noncompliance Citation and Material Weakness

Ohio Admin. Code Section 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

We noted the following errors during 2008 and 2007:

- Principal and interest payments in the amount of \$133,000 in 2008 and \$216,000 in 2007 were classified as other cash disbursements.
- Gas tax receipts of \$10,040 in 2008 and \$7,988 in 2007 were classified as other cash receipts rather than intergovernmental receipts.
- Tax increment financing receipts of \$3,426,357 in 2008 and \$3,103,772 were classified as property and local taxes rather than payments in lieu of taxes.
- Payments to schools were classified as other cash disbursements.
- Capital outlay expenditures of \$582,795 in 2008 and \$502,824 in 2007 were classified as other expenditures.
- Franchise fees paid by cable companies of \$236,985 in 2008 and \$235,570 in 2007 were classified as other income.
- Interest income earned on a certificate of deposit in the amount \$950 was not recorded.

The financial statements have been adjusted to properly reflect these transactions.

We recommend that the Township follow the accounting classifications prescribed in the Ohio Township Handbook.

**DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS
For the Years Ended December 31, 2008 and 2007**

**Finding Number 2008-DEL-02-Noncompliance Citation and Material Weakness-
(Continued)**

Management Response:

Management understands these re-classifications and will adjust their ledgers accordingly going forward.

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
For the Years Ended December 31, 2008 and 2007

SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2006-001	Noncompliance: ORC 5705.36; amended certificate not obtained	No	Repeated as 2008-DEL- 01
2006-002	Material Weakness: recording errors	No	Repeated as 2008-DEL- 02



Mary Taylor, CPA
Auditor of State

DELHI TOWNSHIP
HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 8, 2009