

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

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2010 & 2009

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



Dave Yost • 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, 2009 through December 31, 2010. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 14, 2011

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**DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2010 & 2009**

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

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, 2010 and 2009. 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.

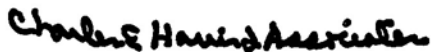
Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2010 and 2009. Instead of the combined funds the accompanying financial statements present for 2010 and 2009, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2010 and 2009. 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, 2010 and 2009, 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, 2010 and 2009, 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, 2010 and 2009, 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, 2010 and 2009. 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 July 27, 2011, on our consideration of the Township's internal control over financial reporting and on 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* and should be considered in assessing the results of our audit.



Charles E. Harris & Associates, Inc.

July 27, 2011

**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, 2010**

	Governmental Fund Types				Total Memorandum Only
	General	Special Revenue	Debt Service	Capital Projects	
Receipts:					
Property and Local Taxes	\$ 334,021	\$ 6,771,812	\$ -	\$ -	\$ 7,105,833
Charges for Services	-	579,991	-	-	579,991
Intergovernmental	1,813,208	2,147,373	-	172,874	4,133,455
Payment in Lieu of Taxes	-	3,523,029	-	-	3,523,029
Special Assessments	-	32,729	-	-	32,729
Licenses, Permits, and Fees	327,111	14,968	-	-	342,079
Fines and Forfeitures	14,750	6,311	-	-	21,061
Interest	64,498	1,433	-	-	65,931
Other	75,180	350,766	-	-	425,946
Total Receipts	2,628,768	13,428,412	-	172,874	16,230,054
Disbursements:					
General Government	1,514,811	171,085	-	-	1,685,896
Public Safety	885	7,319,239	-	-	7,320,124
Public Works	30,499	863,375	-	-	893,874
Health	28,208	-	-	-	28,208
Conservation-Recreation	-	554,861	-	-	554,861
Other	-	214,783	-	-	214,783
Payments to Schools	-	2,027,243	-	-	2,027,243
Capital Outlay	88,417	1,461,730	-	172,874	1,723,021
Debt Service:					
Principal	-	356,409	380,494	-	736,903
Interest	-	29,150	277,346	-	306,496
Total Disbursements	1,662,820	12,997,875	657,840	172,874	15,491,409
Total Receipts Over/(Under) Disbursements	965,948	430,537	(657,840)	-	738,645
Other Financing Sources/(Uses):					
Transfers-In	-	274,633	657,840	-	932,473
Transfers-Out	(274,633)	(657,840)	-	-	(932,473)
Advances-In	10,300	60,300	-	-	70,600
Advances-Out	(10,300)	(60,300)	-	-	(70,600)
Total Other Financing Sources/(Uses)	(274,633)	(383,207)	657,840	-	-
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	691,315	47,330	-	-	738,645
Fund Cash Balance, January 1	5,144,951	5,978,650	535	1,241	11,125,377
Fund Cash Balance, December 31	\$ 5,836,266	\$ 6,025,980	\$ 535	\$ 1,241	\$ 11,864,022
Reserve for Encumbrances, December 31	\$ 173,333	\$ 219,892	\$ -	\$ -	\$ 393,225

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, 2010**

	Enterprise
Receipts:	
Charges for Services	\$ 24,374
Total Receipts	24,374
Disbursements:	
Personal Services	10,871
Fringe Benefits	1,445
Material and Supplies	11,636
Other	1,406
Total Disbursements	25,358
Excess of Receipts Over/(Under) Disbursements	(984)
Fund Cash Balance, January 1	20,404
Fund Cash Balance, December 31	\$ 19,420

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, 2009

	Governmental Fund Types				Total Memorandum Only
	General	Special Revenue	Debt Service	Capital Projects	
Receipts:					
Property and Local Taxes	\$ 316,555	\$ 6,829,556	\$ -	\$ -	\$ 7,146,111
Charges for Services	-	639,534	-	-	639,534
Intergovernmental	1,573,151	2,128,761	-	740,408	4,442,320
Payment in Lieu of Taxes	-	3,401,098	-	-	3,401,098
Special Assessments	-	30,771	-	-	30,771
Licenses, Permits, and Fees	258,639	12,461	-	-	271,100
Fines and Forfeitures	17,065	7,265	-	-	24,330
Interest	163,812	3,042	-	-	166,854
Other	90,105	279,464	-	-	369,569
Total Receipts	2,419,327	13,331,952	-	740,408	16,491,687
Disbursements:					
General Government	1,494,096	153,411	-	-	1,647,507
Public Safety	390	6,927,093	-	-	6,927,483
Public Works	28,377	774,139	-	-	802,516
Health	29,531	-	-	-	29,531
Conservation-Recreation	-	535,873	-	-	535,873
Other	-	112,648	-	-	112,648
Payments to Schools	-	1,971,976	-	-	1,971,976
Capital Outlay	117,923	1,411,270	-	687,851	2,217,044
Debt Service:					
Principal	-	345,905	365,000	-	710,905
Interest	-	39,654	292,075	-	331,729
Total Disbursements	1,670,317	12,271,969	657,075	687,851	15,287,212
Total Receipts Over/(Under)					
Disbursements	749,010	1,059,983	(657,075)	52,557	1,204,475
Other Financing Sources/(Uses):					
Transfers-In	-	125,665	657,075	-	782,740
Transfers-Out	(125,665)	(657,075)	-	-	(782,740)
Advances-In	-	50,000	-	-	50,000
Advances-Out	-	(50,000)	-	-	(50,000)
Other Financing Sources	15,080	106,896	-	-	121,976
Other Financing Uses	-	-	-	(121,976)	(121,976)
Total Other Financing Sources/(Uses)	(110,585)	(424,514)	657,075	(121,976)	-
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	638,425	635,469	-	(69,419)	1,204,475
Fund Cash Balance, January 1	4,506,526	5,343,181	535	70,660	9,920,902
Fund Cash Balance, December 31	\$ 5,144,951	\$ 5,978,650	\$ 535	\$ 1,241	\$ 11,125,377
Reserve for Encumbrances, December 31	\$ 40,915	\$ 272,011	\$ -	\$ -	\$ 312,926

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, 2009**

	Enterprise
Receipts:	
Charges for Services	\$ 24,196
Other	550
Total Receipts	24,746
Disbursements:	
Personal Services	8,760
Fringe Benefits	1,049
Material and Supplies	10,107
Other	1,343
Total Disbursements	21,259
Excess of Receipts Over/(Under) Disbursements	3,487
Fund Cash Balance, January 1	16,917
Fund Cash Balance, December 31	\$ 20,404

See Accompanying Notes to the Financial Statements.

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

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 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:

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

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 Tax Increment Equivalent Fund. The Township had the following significant Debt Service Fund:

- General Bond (Note) Retirement Fund-This fund receives transfers from 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:

- OPWC-Morrvue/Pembina
 - OPWC-Palisades
 - OPWC-Victory Heights
 - OPWC- Mt. Alverno
- These funds received OPWC grants for the reconstruction of the areas identified in the name of the fund.

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

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.

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.

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A. BUDGETARY PROCESS- (Continued)

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, 2009 and 2010. 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.

B. 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.

**DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. 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>2010</u>	<u>2009</u>
Demand Deposits	\$1,087,200	\$849,932
Certificates of Deposit	12,280	12,158
Total Deposits	<u>1,099,480</u>	<u>862,090</u>
STAR Ohio	1,711,169	459,485
Federal Agency Notes	<u>9,072,793</u>	<u>9,824,206</u>
Total Investments	<u>10,783,962</u>	<u>10,283,691</u>
Total	<u>\$11,883,442</u>	<u>\$11,145,781</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.

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.

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

3. PROPERTY TAXES - (Continued)

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. Tangible personal property taxes are being phased out through 2009.

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, 2010 and 2009 follows:

	<u>2010 Budgeted vs Actual Receipts</u>		
<u>Fund:</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
	<u>Receipts</u>	<u>Receipts</u>	
General Fund	\$ 1,861,933	\$ 2,628,768	\$ 768,835
Special Revenue Funds	13,806,643	13,703,045	(103,598)
Debt Service Funds	657,840	657,840	-
Capital Projects Funds	318,500	172,874	(145,626)
Enterprise Fund	41,200	24,374	(16,826)

	<u>2010 Budgeted vs Actual Budgetary Basis Expenditures</u>		
<u>Fund:</u>	<u>Appropriation</u>	<u>Budgetary</u>	<u>Variance</u>
	<u>Authority</u>	<u>Expenditures</u>	
General Fund	\$ 2,415,139	\$ 2,110,786	\$ 304,353
Special Revenue Funds	15,122,182	13,875,607	1,246,575
Debt Service Funds	657,840	657,840	-
Capital Projects Funds	318,500	172,874	145,626
Enterprise Fund	26,845	25,358	1,487

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

4. BUDGETARY ACTIVITY – (Continued)

<u>Fund:</u>	<u>2009 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	
General Fund	\$ 1,849,072	\$ 2,434,407	\$ 585,335
Special Revenue Funds	12,809,930	13,564,513	754,583
Debt Service Funds	657,075	657,075	-
Capital Projects Funds	832,009	740,408	(91,601)
Enterprise Fund	45,000	24,746	(20,254)

<u>Fund:</u>	<u>2009 Budgeted vs Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation</u> <u>Authority</u>	<u>Budgetary</u> <u>Expenditures</u>	
General Fund	\$ 2,291,664	\$ 1,836,897	\$ 454,767
Special Revenue Funds	14,379,749	13,201,055	1,178,694
Debt Service Funds	657,075	657,075	-
Capital Projects Funds	813,985	809,827	4,158
Enterprise Fund	43,837	21,259	22,578

Advances in and out are not required to be budgeted.

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.

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 2009 and 2010. OPERS members contributed 10.0% in 2009 and 2010 of their gross pay while the Township contributed an amount equal to 14.00% in 2009 and 2010 of covered payroll. Sworn police officers contributed 10.1% in 2009 and 11.1% in 2010 while the Township contributed an amount equal to 17.63% in 2009 and 17.87% in 2010 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 2010.

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

6. RISK MANAGEMENT

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

RISK POOL MEMBERSHIP

Prior to 2009, the Government belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Township participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria.

**DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

6. RISK MANAGEMENT – (Continued)

Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Township does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC:

	2010		2009	
	<u>OPRM</u>	<u>OPHC</u>	<u>OPRM</u>	<u>OPHC</u>
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	<u>(4,845,056)</u>	<u>(1,055,096)</u>	<u>(4,852,485)</u>	<u>(1,253,617)</u>
Members' Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

You can read the complete audited financial statements for OPRM and OPHC 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 an 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%.

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

7. CAPITAL LEASE – LESSEE DISCLOSURE- (Continued)

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.

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

Year Ending	Amount
December 31, 2011	\$251,647
December 31, 2012	134,967
December 31, 2013	134,967
December 31, 2014	134,967
December 31, 2015	134,939
Total minimum lease payments	791,487
Less: Amount representing imputed interest cost	(50,934)
Present value of minimum lease payments	\$740,553

8. DEBT

Debt outstanding at December 31, 2010 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$5,480,000	Varies
Ohio Public Works Commission	213,694	0.00%
	\$5,693,694	

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, 2010 and 2009**

8. DEBT – (Continued)

Principal and interest requirements for debt outstanding at December 31, 2010 are as follows:

<u>Year Ended</u>	<u>Bonds</u>	<u>OPWC</u>
2011	\$ 657,640	\$ 16,303
2012	656,445	16,303
2013	659,020	16,303
2014	654,240	16,303
2015	658,325	16,303
2016-2020	3,279,265	81,515
2021-2024	656,250	50,664
Total	<u>\$7,221,185</u>	<u>\$213,694</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.

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

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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, 2010 and 2009, and have issued our report thereon dated July 27, 2011, 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 audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a deficiency in internal control over financial reporting, that we consider to be a material weakness.


A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider the deficiency described in the accompanying Schedule of Audit Findings as item 2010-DEL-02 to be a material weakness in internal control over financial reporting.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 2010-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 intend this report solely for the information and use of management, the audit committee, and members of the Board of Trustees. We intend it for no one other than these specified parties.



Charles E. Harris and Associates, Inc.

July 27, 2011

**DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS
For the Years Ended December 31, 2010 and 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2010-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	2010		2009	
	Revenue Deficiency	Variance Est Resources vs Appropriations	Revenue Deficiency	Variance Est Resources vs Appropriations
Capital-OPWC Palisades	\$(145,626)	\$(145,626)	-	-
Capital-Victory Hts	-	-	\$ (4,128)	\$ (4,128)
Enterprise-Concession Stand	-	-	\$ (20,254)	\$ (2,172)

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 – (continued)
For the Years Ended December 31, 2010 and 2009**

Finding Number 2010-DEL-01 - Noncompliance Citation - (Continued)

Management Response:

Budgeted revenues versus actual revenues are monitored throughout the year. In all three 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 nor expend the funds involved. The Township merely records the OPWC payments to contractors and the corresponding receipt when they receive notification from OPWC that the contractor has been paid.

Finding Number 2010-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 2010 and 2009:

- Principal and interest payments in the amount of \$385,559 in 2010 and 2009 were classified as other cash disbursements.
- Gas tax receipts of \$29,346 in 2010 and \$44,096 in 2009 were classified as other cash receipts rather than intergovernmental receipts.
- Tax increment financing receipts of \$3,523,029 in 2010 and \$3,401,098 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 \$1,071,511 in 2010 and \$1,171,117 in 2009 were classified as other expenditures.

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.

Management Response:

Management understands these reclassifications and will adjust the ledgers accordingly going forward.

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
For the Years Ended December 31, 2010 and 2009

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
2008-001	Noncompliance: ORC 5705.36; amended certificate not obtained	No	Repeated as 2010-DEL- 01
2008-002	Material Weakness: recording errors	No	Repeated as 2010-DEL- 02



Dave Yost • 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
NOVEMBER 10, 2011**