

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

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of Delhi Township, Hamilton County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2011 through December 31, 2012. 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.

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

March 19, 2014

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**DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2012 and 2011**

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Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

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

INDEPENDENT AUDITORS' REPORT

Delhi Township
Hamilton County
934 Neeb Road
Cincinnati, Ohio 45233

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Delhi Township, Hamilton County, (the Township) as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, or changes in financial position or its cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Delhi Township, Hamilton County, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Emphasis of Matter

As discussed in Note 10 to the financial statements, in 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole. The schedule of expenditures of federal awards presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subjected to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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.

Charles Harris Associates

Charles E. Harris & Associates, Inc.

March 6, 2014

**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, 2012**

	Governmental Fund Types				Totals - Memorandum Only
	General	Special Revenue	Debt Service	Capital Projects	
Receipts:					
Property and Local Taxes	\$ 433,579	\$ 6,316,939	\$ -	\$ -	\$ 6,750,518
Charges for Services	-	577,995	-	-	577,995
Intergovernmental	1,454,193	2,080,962	-	1,215,938	4,751,093
Payment in Lieu of Taxes	-	3,533,968	-	-	3,533,968
Special Assessments	54,369	36,860	-	-	91,229
Licenses, Permits, and Fees	295,418	105,861	-	-	401,279
Fines and Forfeitures	11,999	8,404	-	-	20,403
Interest	74,136	2,082	-	-	76,218
Other	25,661	71,506	-	-	97,167
Total Receipts	2,349,355	12,734,577	-	1,215,938	16,299,870
Disbursements:					
General Government	1,542,400	196,275	-	-	1,738,675
Public Safety	-	7,250,869	-	-	7,250,869
Public Works	25,549	887,292	-	-	912,841
Health	28,628	-	-	-	28,628
Conservation-Recreation	-	560,335	-	-	560,335
Other	1,059	52,322	-	-	53,381
Payments to Schools	-	2,049,927	-	-	2,049,927
Capital Outlay	37,867	1,045,682	-	1,613,184	2,696,733
Debt Service:					
Principal	-	137,538	465,000	-	602,538
Interest	-	13,768	147,344	-	161,112
Total Disbursements	1,635,503	12,194,008	612,344	1,613,184	16,055,039
Total Receipts Over/(Under)					
Disbursements	713,852	540,569	(612,344)	(397,246)	244,831
Other Financing Sources/(Uses):					
Transfers-In	-	258,309	620,000	-	878,309
Transfers-Out	(258,309)	(620,000)	-	-	(878,309)
Total Other Financing Sources/(Uses)	(258,309)	(361,691)	620,000	-	-
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	455,543	178,878	7,656	(397,246)	244,831
Fund Cash Balance, January 1	6,992,314	6,128,929	90,980	797,601	14,009,824
Fund Cash Balance:					
Restricted	-	6,307,807	98,636	400,355	6,806,798
Assigned	37,019	-	-	-	37,019
Unassigned	7,410,838	-	-	-	7,410,838
Fund Cash Balance, December 31	\$ 7,447,857	\$ 6,307,807	\$ 98,636	\$ 400,355	\$ 14,254,655

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, 2012**

	Enterprise
Receipts:	
Charges for Services	\$ 14,742
Total Receipts	14,742
Disbursements:	
Personal Services	9,534
Fringe Benefits	1,346
Material and Supplies	5,845
Other	201
Total Disbursements	16,926
Excess of Receipts Over/(Under) Disbursements	(2,184)
Fund Cash Balance, January 1, 2012	16,272
Fund Cash Balance, December 31, 2012	\$ 14,088

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, 2011**

	Governmental Fund Types				Totals - Memorandum Only
	General	Special Revenue	Debt Service	Capital Projects	
Receipts:					
Property and Local Taxes	\$ 322,811	\$ 6,683,338	\$ -	\$ -	\$ 7,006,149
Charges for Services	-	538,340	-	-	538,340
Intergovernmental	2,337,559	2,224,583	-	1,569,394	6,131,536
Payment in Lieu of Taxes	-	3,476,766	-	-	3,476,766
Special Assessments	32,297	38,055	-	-	70,352
Licenses, Permits, and Fees	271,885	142,486	-	-	414,371
Fines and Forfeitures	13,638	6,881	-	-	20,519
Interest	51,797	1,202	6,466	-	59,465
Other	60,874	88,808	45,246	-	194,928
Total Receipts	3,090,861	13,200,459	51,712	1,569,394	17,912,426
Disbursements:					
General Government	1,524,805	183,875	-	-	1,708,680
Public Safety	850	7,549,462	-	-	7,550,312
Public Works	28,899	771,732	-	-	800,631
Health	28,494	-	-	-	28,494
Conservation-Recreation	-	548,887	-	-	548,887
Other	870	222,151	-	-	223,021
Payments to Schools	-	2,003,950	-	-	2,003,950
Capital Outlay	39,821	1,202,436	-	773,034	2,015,291
Debt Service:					
Principal	-	249,664	5,580,000	-	5,829,664
Interest	-	18,787	365,937	-	384,724
Total Disbursements	1,623,739	12,750,944	5,945,937	773,034	21,093,654
Total Receipts Over/(Under) Disbursements	1,467,122	449,515	(5,894,225)	796,360	(3,181,228)
Other Financing Sources/(Uses):					
Refunding Bonds Issued	-	-	5,315,000	-	5,315,000
Premium on Debt Issuance	-	-	129,282	-	129,282
Bond Issuance Cost	-	-	(117,252)	-	(117,252)
Transfers-In	-	311,074	657,640	-	968,714
Transfers-Out	(311,074)	(657,640)	-	-	(968,714)
Advances-In	16,000	16,000	-	-	32,000
Advances-Out	(16,000)	(16,000)	-	-	(32,000)
Total Other Financing Sources/(Uses)	(311,074)	(346,566)	5,984,670	-	5,327,030
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	1,156,048	102,949	90,445	796,360	2,145,802
Fund Cash Balance, January 1, 2011	5,836,266	6,025,980	535	1,241	11,864,022
Fund Cash Balance:					
Restricted	-	6,128,929	90,980	797,601	7,017,510
Assigned	51,772	-	-	-	51,772
Unassigned	6,940,542	-	-	-	6,940,542
Fund Cash Balance, December 31 2011	\$ 6,992,314	\$ 6,128,929	\$ 90,980	\$ 797,601	\$ 14,009,824

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, 2011**

	Enterprise
Receipts:	
Charges for Services	\$ 19,085
Other	10
Total Receipts	19,095
Disbursements:	
Personal Services	8,954
Fringe Benefits	1,331
Material and Supplies	8,771
Other	3,187
Total Disbursements	22,243
Excess of Receipts Over/(Under) Disbursements	(3,148)
Fund Cash Balance, January 1, 2011	19,420
Fund Cash Balance, December 31, 2011	\$ 16,272

See Accompanying Notes to the Financial Statements.

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

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, 2012 and 2011

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-Placid Meadows
- OPWC-Palisades
- Ohio EMA-Rapid Run Phase I
- Ohio EMA- Rapid Run Phase II

**DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

These funds received funds from the Ohio Public Works Commission (OPWC) and the Ohio Emergency Management Agency (Ohio EMA) for the projects in areas identified in the name of the fund.

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, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. 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, 2011 and 2012. 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, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. FUND BALANCE

Fund balance is divided into five classifications based primarily on the extent to which the Board must observe constraints imposed upon the use of its governmental-fund resources.

1. Nonspendable- The Board classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.
2. Restricted- Fund balance is 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.
3. Committed- The Board can commit amounts via formal action (resolution). The Board must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.
4. Assigned- Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restrict or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board.
5. Unassigned- Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Board applies restricted resources first when expenditures 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 expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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, 2012 and 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. 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>2012</u>	<u>2011</u>
Demand Deposits	\$409,780	\$3,193,663
Certificates of Deposit	12,324	12,311
Total Deposits	422,104	3,205,974
STAR Ohio	1,713,435	1,712,128
Federal Agency Notes	12,133,204	9,107,994
Total Investments	13,846,639	10,820,122
Total	\$14,268,743	\$14,026,096

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, 2012 and 2011

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.

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, 2012 and 2011 follows:

<u>Fund:</u>	<u>2012 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 1,763,104	\$ 2,349,355	\$ 586,251
Special Revenue Funds	12,726,085	12,992,886	266,801
Debt Service Funds	620,000	620,000	-
Capital Projects Funds	1,304,104	1,215,938	(88,166)
Enterprise Fund	25,000	14,742	(10,258)

<u>Fund:</u>	<u>2012 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	
General Fund	\$ 2,163,737	\$ 1,930,831	\$ 232,906
Special Revenue Funds	13,972,365	12,971,101	1,001,264
Debt Service Funds	620,000	612,344	7,656
Capital Projects Funds	1,702,003	1,613,184	88,819
Enterprise Fund	29,042	16,926	12,116

<u>Fund:</u>	<u>2011 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 2,984,610	\$ 3,090,861	\$ 106,251
Special Revenue Funds	15,071,726	13,511,533	(1,560,193)
Debt Service Funds	6,101,922	6,153,634	51,712
Capital Projects Funds	1,134,802	1,569,394	434,592
Enterprise Fund	27,000	19,095	(7,905)

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

4. BUDGETARY ACTIVITY – (Continued)

<u>2011 Budgeted vs Actual Budgetary Basis Disbursements</u>			
<u>Fund:</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General Fund	\$ 2,200,954	\$ 1,986,585	\$ 214,369
Special Revenue Funds	15,604,500	13,567,041	2,037,459
Debt Service Funds	6,101,922	6,063,189	38,733
Capital Projects Funds	824,209	773,034	51,175
Enterprise Fund	22,637	22,243	394

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 2011 and 2012. OPERS members contributed 10.0% in 2011 and 2012 of their gross pay while the Township contributed an amount equal to 14.00% in 2011 and 2012 of covered payroll. Sworn police officers contributed 11.6% in 2011 and 12.1% in 2012 while the Township contributed an amount equal to 18.1% in 2011 and 2012 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 2012.

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 Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio 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 is legally separate from its member governments.

**DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011**

6. RISK MANAGEMENT - (Continued)

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.

OPRM coverage programs 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 41.5% (41.5% effective November 1, 2011 and 40% through October 31, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011, respectively.

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.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011:

	<u>2011</u>	<u>2012</u>
Assets	\$12,501,280	\$13,100,381
Liabilities	(5,328,761)	(6,687,193)
Members' Equity	<u>\$7,172,519</u>	<u>\$6,413,188</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

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.

**DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011**

7. LEASES

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%.

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

Year Ending	Amount
December 31, 2013	\$134,967
December 31, 2014	134,967
December 31, 2015	134,939
Total minimum lease payments	\$404,873

8. DEBT

Debt outstanding at December 31, 2012 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$4,750,000	Varies
Ohio Public Works Commission	181,088	0.00%
	\$4,931,088	

The Township issued bonds in March 2011 for the purpose of advance refunding the 2001 Public Safety General Obligation Bonds issued to pay the cost of the purchase of a new firehouse, related equipment and the renovation of an existing firehouse. The bonds were issued in denominations of \$5,000 for \$5,315,000 par value payable beginning December 2011 and maturing through December 2021 at varying interest rates between 2.0% and 4.0%. The Township's taxing authority collateralized the bonds. The 2001 bonds were redeemed at 100% of par value plus accrued interest with funds escrowed from the 2011 issue.

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, 2012 and 2011**

8. DEBT – (Continued)

Principal and interest requirements for debt outstanding at December 31, 2012 are as follows:

<u>Year Ended</u>	<u>Bonds</u>	<u>OPWC</u>
2013	\$ 613,044	\$ 16,303
2014	613,544	16,303
2015	618,844	16,303
2016	612,594	16,303
2017	619,968	16,303
2018-2022	2,462,544	81,515
2023-2024	-	18,058
Total	\$5,540,538	\$181,088

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. CHANGE IN ACCOUNTING PRINCIPLE

For 2011, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on the fund balances as previously reported.

11. 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.

Delhi Township, Hamilton County
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2012

<u>Pass-Through Grantor/ Program Title</u>	<u>Grant Number or Description</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U. S. Department of Homeland Security			
Pass-Through, Ohio Emergency Management Agency:			
Pre-Disaster Mitigation Grant Program	PDMC-PJ-05-OH-2009-003	97.047	\$ 292,479
Hazard Mitigation Grant Program	FEMA-DR-1805.32R-OH	97.039	<u>1,254,848</u>
Total Department of Homeland Security			<u>1,547,327</u>
Total Expenditures of Federal Awards			<u>\$ 1,547,327</u>

Note: This Schedule of Expenditures of Federal Awards was prepared using the cash basis method of accounting.

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Delhi Township, Hamilton County, (the Township) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated March 6, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits. We also noted the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting that we consider 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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider finding 2012-DEL-01 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

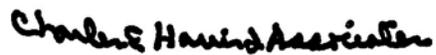
As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as finding 2012-DEL-01.

Entity's Response to Finding

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris and Associates, Inc.
March 6, 2014

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland, OH 44113-1306
Office phone - (216) 575-1630
Fax (216) 436-2411

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

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Delhi Township
Hamilton County
934 Neeb Road
Cincinnati, Ohio 45233

To the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited Delhi Township's, Hamilton County, (the Township), compliance with the applicable requirements described in U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Township's major federal program for the year ended December 31, 2012. The summary of auditor's results section in the accompanying schedule of findings identifies the Township's major federal program.

Management's Responsibility

The Township's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program.

Our responsibility is to opine on the Township's compliance for the Township's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Township's major program. However, our audit does not provide a legal determination of the Township's compliance.

Opinion on the Major Federal Program

In our opinion, Delhi Township, Hamilton County complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

Report on Internal Control Over Compliance

The Township's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Township's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Township's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Charles E. Harris and Associates, Inc.
March 6, 2014

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

**DELHI TOWNSHIP
HAMILTON COUNTY
December 31, 2012 and 2011**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unmodified
(d)(1)(ii)	<i>Were there any material weaknesses reported at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(iv)	<i>Were there any material weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Program:</i>	CFDA #97.039 Hazard Mitigation Grant Program
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	\$300,000
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

**DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
SCHEDULE OF FINDINGS
For the Years Ended December 31, 2012 and 2011**

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

Finding Number 2012-DEL-01 - 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 2012 and 2011:

- Principal and interest payments in the amount of \$151,306 in 2012 and \$268,451 in 2011 were classified as other cash disbursements.
- Intergovernmental, special assessments, licenses, permits and fees of \$111,955 in 2012 and \$197,740 in 2011 were classified as other cash receipts.
- Payments to schools of \$2,049,927 in 2012 and \$2,003,950 in 2011 were classified as other cash disbursements.
- Capital outlay expenditures of \$722,931 in 2012 and \$784,959 in 2011 were classified as other expenditures.
- The retirement of the 2001 General Obligation Bonds with the issuance of the 2011 \$5,315,000 par value General Obligation Bonds was not properly 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 and the Uniform Accounting Network manual.

Management Response:

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

3. FINDINGS FOR FEDERAL AWARDS

None.

DELHI TOWNSHIP
HAMILTON COUNTY, OHIO
For the Years Ended December 31, 2012 and 2011

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
2010-DEL-01	Noncompliance: ORC 5705.36; amended certificate not obtained	Yes	Finding no longer valid
2010-DEL-02	Material Weakness: recording errors	No	Repeated as 2012-DEL-01



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
APRIL 1, 2014**