



**Auditor of State
Betty Montgomery**

**DELHI TOWNSHIP
HAMILTON COUNTY**

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**Auditor of State
Betty Montgomery**

Delhi Township
Hamilton County
934 Neeb Road
Cincinnati, Ohio 45233

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

July 5, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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, 2004 and 2003. 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 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 year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 townships to reformat their statements. The Township has elected not to reformat its statements. Since this 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 year ended December 31, 2004 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, 2004, or their changes in financial position or cash flows of its proprietary funds for the year 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, 2004 and 2003, and its combined cash receipts and disbursements 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 year ended December 31, 2004. 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 5, 2005, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

July 5, 2005

**DELHI TOWNSHIP
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:						
Local Taxes	\$266,874	\$6,525,922	\$0	\$0	\$0	\$6,792,796
Intergovernmental	1,251,193	1,444,321		551,969		3,247,483
Special Assessments		30,614				30,614
Charges for Services		428,388				428,388
Licenses, Permits, and Fees		16,798				16,798
Fines, Forfeitures, and Penalties	24,345	11,081				35,426
Earnings on Investments	79,044	1,780		1,351	1	82,176
Other Revenue	235,454	189,918	400			425,772
Total Cash Receipts	<u>1,856,910</u>	<u>8,648,822</u>	<u>400</u>	<u>553,320</u>	<u>1</u>	<u>11,059,453</u>
Cash Disbursements:						
Current:						
General Government	1,018,812	165,820				1,184,632
Public Safety	469,650	6,266,794				6,736,444
Public Works	31,067	908,316				939,383
Health	25,365					25,365
Conservation - Recreation		510,382				510,382
Miscellaneous		2,233,576				2,233,576
Debt Service:						
Redemption of Principal		37,711	323,125			360,836
Interest and Fiscal Charges		11,328	347,893			359,221
Capital Outlay	172,896	119,284		1,101,119		1,393,299
Total Cash Disbursements	<u>1,717,790</u>	<u>10,253,211</u>	<u>671,018</u>	<u>1,101,119</u>	<u>0</u>	<u>13,743,138</u>
Total Receipts Over/(Under) Disbursements	<u>139,120</u>	<u>(1,604,389)</u>	<u>(670,618)</u>	<u>(547,799)</u>	<u>1</u>	<u>(2,683,685)</u>
Other Financing Receipts and (Disbursements):						
Transfers-In		377,817	671,068	54,465		1,103,350
Transfers-Out	(365,000)	(16,434)		(781,915)		(1,163,349)
Total Other Financing Receipts/(Disbursements)	<u>(365,000)</u>	<u>361,383</u>	<u>671,068</u>	<u>(727,450)</u>	<u>0</u>	<u>(59,999)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(225,880)	(1,243,006)	450	(1,275,249)	1	(2,743,684)
Fund Cash Balances, January 1	1,394,741	3,690,289	0	1,280,941	417	6,366,388
Fund Cash Balances, December 31	<u>\$1,168,861</u>	<u>\$2,447,283</u>	<u>\$450</u>	<u>\$5,692</u>	<u>\$418</u>	<u>\$3,622,704</u>
Reserve for Encumbrances, December 31	<u>\$1,199</u>	<u>\$90,151</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$91,350</u>

The notes to the financial statements are an integral part of this statement.

**DELHI TOWNSHIP
HAMILTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH
DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$29,219
Total Operating Cash Receipts	29,219
Operating Cash Disbursements:	
Salaries	19,698
Fringe Benefits	2,671
Purchased Services	16,881
Supplies and Materials	3,051
Total Operating Cash Disbursements	42,301
Operating Loss	(13,082)
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	(12,850)
Total Non-Operating Cash Disbursements	(12,850)
Receipts Under Disbursements Before Interfund Transfers	(25,932)
Transfers-In	60,000
Net Receipts Over Disbursements	34,068
Fund Cash Balances, January 1	0
Fund Cash Balances, December 31	\$34,068

The notes to the financial statements are an integral part of this statement.

DELHI TOWNSHIP
HAMILTON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:						
Local Taxes	\$260,447	\$5,943,865	\$0	\$0	\$0	\$6,204,312
Intergovernmental	1,267,395	1,353,243		1,663,370		4,284,008
Special Assessments		32,854				32,854
Charges for Services		337,006				337,006
Licenses, Permits, and Fees		23,132				23,132
Fines, Forfeitures, and Penalties	31,243	13,224				44,467
Earnings on Investments	151,038	2,870		18,469	1	172,378
Other Revenue	240,381	134,635			20	375,036
Total Cash Receipts	<u>1,950,504</u>	<u>7,840,829</u>	<u>0</u>	<u>1,681,839</u>	<u>21</u>	<u>11,473,193</u>
Cash Disbursements:						
Current:						
General Government	1,095,031	124,968				1,219,999
Public Safety	404,706	6,265,538				6,670,244
Public Works	30,823	898,809				929,632
Health	24,729					24,729
Conservation - Recreation	13,543	84,582				98,125
Miscellaneous	8,452	2,634,401				2,642,853
Debt Service:						
Redemption of Principal		3,485	313,125			316,610
Interest and Fiscal Charges		1,972	356,696			358,668
Capital Outlay	8,467	147,732		2,274,992		2,431,191
Total Cash Disbursements	<u>1,585,751</u>	<u>10,161,487</u>	<u>669,821</u>	<u>2,274,992</u>	<u>0</u>	<u>14,692,051</u>
Total Receipts Over/(Under) Disbursements	<u>364,753</u>	<u>(2,320,658)</u>	<u>(669,821)</u>	<u>(593,153)</u>	<u>21</u>	<u>(3,218,858)</u>
Other Financing Receipts and (Disbursements):						
Transfers-In		2,425,000	669,821	54,465		3,149,286
Advances-In	407,768	95,000		312,768		815,536
Transfers-Out	(2,425,000)	(69,296)		(654,990)		(3,149,286)
Advances-Out	(407,768)	(95,000)		(312,768)		(815,536)
Proceeds from Sale of Public Debt				326,051		326,051
Other Sources		241,759				241,759
Total Other Financing Receipts/(Disbursements)	<u>(2,425,000)</u>	<u>2,597,463</u>	<u>669,821</u>	<u>(274,474)</u>	<u>0</u>	<u>567,810</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(2,060,247)</u>	<u>276,805</u>	<u>0</u>	<u>(867,627)</u>	<u>21</u>	<u>(2,651,048)</u>
Fund Cash Balances, January 1	<u>3,454,988</u>	<u>3,413,484</u>	<u>0</u>	<u>2,148,568</u>	<u>396</u>	<u>9,017,436</u>
Fund Cash Balances, December 31	<u>\$1,394,741</u>	<u>\$3,690,289</u>	<u>\$0</u>	<u>\$1,280,941</u>	<u>\$417</u>	<u>\$6,366,388</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$155,105</u>	<u>\$0</u>	<u>\$72,817</u>	<u>\$0</u>	<u>\$227,922</u>

The notes to the financial statements are an integral part of this statement.

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**DELHI TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow 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).

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

C. Cash and Investments

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

Certificates of deposit, are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Fire District Fund - This fund receives property tax money for providing fire safety to the Township.

Police District Fund - This fund receives property tax money for providing police protection to the Township.

**DELHI TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Tax Increment Fund - This fund receives real estate tax money for Township equipment costs and payment of debt.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Bond / Note Retirement Fund – General Fund and Tax Increment Fund money are transferred into this fund for payment of the Township bonds and notes. The Township passed Resolution 94-33 allowing the use of Tax Increment money for debt repayment.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Funds:

Permanent Improvement Fund - The Township receives money from interest earned on investments for projects within the Township.

SCIP Alomar / Hibernia Fund - The Township received Ohio Public Works grant money for reconstruction of Alomar & Hibernia roads.

SCIP Whitmore Fund - The Township received Ohio Public Works grant money for reconstruction of Whitmore road.

5. Fiduciary Funds (Expendable Trust)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Fund:

Land Conservancy Trust Fund - The Township receives donations and interest earned on investments for construction and maintenance of Township parks.

6. Enterprise Fund

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Township had the following Enterprise Fund:

Concessions Fund – This fund receives concession stand proceeds from the Township Parks.

**DELHI TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township assumed the operation of the Delhi Township Park District when it dissolved on October 31, 2003. The concessions are seasonal and began operations in 2004.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31, 2004 and 2003 was as follows:

**DELHI TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	2004	2003
Demand deposits	\$36,123	\$1,450,958
Certificates of deposit	11,000	11,000
Total deposits	47,123	1,461,958
STAR Ohio	481,876	431,925
Money Market Investments	3,127,773	4,472,505
Total investments	3,609,649	4,904,430
Total deposits and investments	\$3,656,772	\$6,366,388

At December 31, 2004, the Township did not hold any equity securities. Such securities are not eligible investments for the Township under Ohio law.

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Money Market Investments 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. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 was as follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,982,354	\$1,856,910	(\$1,125,444)
Special Revenue	12,458,523	9,026,639	(3,431,884)
Debt Service	671,024	671,468	444
Capital Projects	2,379,125	607,785	(1,771,340)
Proprietary	417	89,219	88,802
Total	\$18,491,443	\$12,252,021	(\$6,239,422)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,270,165	\$2,083,989	\$186,176
Special Revenue	11,465,633	10,359,796	1,105,837
Debt Service	671,023	671,018	5
Capital Projects	2,379,125	1,883,034	496,091
Proprietary	68,820	55,151	13,669
Total	\$16,854,766	\$15,052,988	\$1,801,778

**DELHI TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,295,068	\$1,950,504	(\$3,344,564)
Special Revenue	13,233,248	10,507,588	(2,725,660)
Debt Service	669,831	669,821	(10)
Capital Projects	4,503,188	2,062,355	(2,440,833)
Fiduciary	396	21	(375)
Total	\$23,701,731	\$15,190,289	(\$8,511,442)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,701,084	\$4,010,751	\$690,333
Special Revenue	10,836,424	10,385,888	450,536
Debt Service	669,831	669,821	10
Capital Projects	3,869,243	3,002,799	866,444
Fiduciary	50	0	50
Total	\$20,076,632	\$18,069,259	\$2,007,373

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**DELHI TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$7,565,000	5%
Mortgage Loans	271,553	4%
Ohio Public Works Loans	309,747	0%
Total	<u>\$8,146,300</u>	

The general obligation bonds were issued to finance the purchase of a new firehouse, related equipment and the renovation of an existing firehouse. The bonds are collateralized solely by the Township's taxing authority. The Mortgage Loans totaling \$ 296,455 were assumed by the Township after the dissolution of the Delhi Township Park District on October 31, 2003. These notes were issued for park operations. The Ohio Public Works loans were issued in 2003 to finance the reconstruction of specific Township road projects.

Amortization of the above debt, including interest, is scheduled as follows:

	<u>General Obligation Bonds</u>	<u>General Obligation Notes</u>	<u>Ohio Public Works Loans</u>
Year ending December 31:			
2005	\$657,895	\$36,508	\$16,303
2006	657,815	69,511	16,303
2007	656,925	6,239	16,303
2008	655,025	186,042	16,303
2009	657,075		16,303
2010 – 2014	3,285,185		81,515
2015 – 2019	3,281,590		81,511
2020 – 2024	1,312,250		65,206
Total	<u>\$11,163,760</u>	<u>\$298,300</u>	<u>\$309,747</u>

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are 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 also prescribed by the Ohio Revised Code. For 2004 and 2003, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2004 and 2003. The Township has paid all contributions required through December 31, 2004.

**DELHI TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANT'S 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 45238

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, 2004 and 2003, and have issued our report thereon dated July 5, 2005, 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 the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 5, 2005.

Compliance and Other Matters

As part of reasonable 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 material effect 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 5, 2005.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 5, 2005



**Auditor of State
Betty Montgomery**

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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
AUGUST 4, 2005**