



**Auditor of State
Betty Montgomery**

**SYMMES TOWNSHIP
HAMILTON COUNTY**

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**Auditor of State
Betty Montgomery**

Symmes Township
Hamilton County
9323 Union Cemetery Road
Loveland, Ohio 45140

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.

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Betty Montgomery
Auditor of State

May 23, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Symmestown Township
Hamilton County
9323 Union Cemetery Road
Loveland, Ohio 45140

To the Board of Trustees:

We have audited the accompanying financial statements of Symmestown 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 governments 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 its changes in financial position for the year then ended.

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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 Symmes 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 May 23, 2006 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.

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

Betty Montgomery
Auditor of State

May 23, 2006

**SYMMES 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	\$517,278	\$3,889,089	\$0	\$0	\$0	\$4,406,367
Payment in Lieu of Taxes		474,601				474,601
Intergovernmental	591,986	629,232				1,221,218
Special Assessments		96,756				96,756
Licenses, Permits, and Fees	40,066	28,859				68,925
Fines, Forfeitures, and Penalties	1,825	23,039				24,864
Earnings on Investments	121,010	7,230			1,335	129,575
Other Revenue	236,676	188,023				424,699
Total Cash Receipts	<u>1,508,841</u>	<u>5,336,829</u>	<u>0</u>	<u>0</u>	<u>1,335</u>	<u>6,847,005</u>
Cash Disbursements:						
Current:						
General Government	1,111,787	106,696				1,218,483
Public Safety		2,860,870				2,860,870
Public Works	10,428	322,073				332,501
Health	52,364	34,316				86,680
Contractual Services					1,248	1,248
Conservation - Recreation		206,080				206,080
Debt Service:						
Redemption of Principal			100,000			100,000
Interest and Fiscal Charges		36,183	143,608			179,791
Capital Outlay	72,339	572,512		212,182		857,033
Total Cash Disbursements	<u>1,246,918</u>	<u>4,138,730</u>	<u>243,608</u>	<u>212,182</u>	<u>1,248</u>	<u>5,842,686</u>
Total Receipts Over/(Under) Disbursements	<u>261,923</u>	<u>1,198,099</u>	<u>(243,608)</u>	<u>(212,182)</u>	<u>87</u>	<u>1,004,319</u>
Other Financing Receipts and (Disbursements):						
Proceeds from Sale of Public Debt:						
Sale of Bonds				5,530,000		5,530,000
Other Proceeds from Sale of Public Debt				26,085		26,085
Transfers-In			243,608			243,608
Transfers-Out		(243,608)				(243,608)
Other Sources	4,451	14,725				19,176
Other Uses					(3,500)	(3,500)
Total Other Financing Receipts/(Disbursements)	<u>4,451</u>	<u>(228,883)</u>	<u>243,608</u>	<u>5,556,085</u>	<u>(3,500)</u>	<u>5,571,761</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>266,374</u>	<u>969,216</u>	<u>0</u>	<u>5,343,903</u>	<u>(3,413)</u>	<u>6,576,080</u>
Fund Cash Balances, January 1	<u>2,499,500</u>	<u>3,984,651</u>	<u>0</u>	<u>463,468</u>	<u>93,739</u>	<u>7,041,358</u>
Fund Cash Balances, December 31	<u>\$2,765,874</u>	<u>\$4,953,867</u>	<u>\$0</u>	<u>\$5,807,371</u>	<u>\$90,326</u>	<u>\$13,617,438</u>
Reserve for Encumbrances, December 31	<u>\$124,698</u>	<u>\$481,368</u>	<u>\$0</u>	<u>\$4,826,981</u>	<u>\$0</u>	<u>\$5,433,047</u>

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

**SYMMES 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	\$515,986	\$3,845,488	\$0	\$0	\$0	\$4,361,474
Payment in Lieu of Tax:		548,040				548,040
Intergovernmental	887,438	641,553				1,528,991
Special Assessments		81,067				81,067
Licenses, Permits, and Fees	41,844	26,537				68,381
Fines, Forfeitures, and Penalties	3,650	26,564				30,214
Earnings on Investments	97,369	6,243			1,004	104,616
Other Revenue	184,731	151,257				335,988
Total Cash Receipts:	<u>1,731,018</u>	<u>5,326,749</u>	<u>0</u>	<u>0</u>	<u>1,004</u>	<u>7,058,771</u>
Cash Disbursements:						
Current:						
General Government	1,078,994	19,435				1,098,429
Public Safety		2,386,004				2,386,004
Public Works	11,531	358,658				370,189
Health	91,136	31,309				122,445
Contractual Services					2,918	2,918
Conservation - Recreation		330,187				330,187
Debt Service						
Redemption of Principals			1,150,000			1,150,000
Interest and Fiscal Charges			18,215			18,215
Capital Outlay	1,574	751,220		1,660,588		2,413,382
Total Cash Disbursements:	<u>1,183,235</u>	<u>3,876,813</u>	<u>1,168,215</u>	<u>1,660,588</u>	<u>2,918</u>	<u>7,891,769</u>
Total Receipts Over/(Under) Disbursement:	<u>547,783</u>	<u>1,449,936</u>	<u>(1,168,215)</u>	<u>(1,660,588)</u>	<u>(1,914)</u>	<u>(832,998)</u>
Other Financing Receipts and (Disbursements)						
Proceeds from Sale of Public Debt						
Sale of Bonds		0	1,150,000	2,120,000		3,270,000
Other Proceeds from Sale of Public Debt				4,056		4,056
Transfers-In			15,573			15,573
Advances-In	15,000					15,000
Transfers-Out	0	(15,573)	0	0	0	(15,573)
Advances-Out		(15,000)				(15,000)
Other Sources	14,342	11,400				25,742
Total Other Financing Receipts/(Disbursements)	<u>29,342</u>	<u>(19,173)</u>	<u>1,165,573</u>	<u>2,124,056</u>	<u>0</u>	<u>3,299,798</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements:	577,125	1,430,763	(2,642)	463,468	(1,914)	2,466,800
Fund Cash Balances, January 1	<u>1,922,375</u>	<u>2,553,888</u>	<u>2,642</u>	<u>0</u>	<u>95,653</u>	<u>4,574,558</u>
Fund Cash Balances, December 31	<u>\$2,499,500</u>	<u>\$3,984,651</u>	<u>\$0</u>	<u>\$463,468</u>	<u>\$93,739</u>	<u>\$7,041,358</u>
Reserve for Encumbrances, December 31	<u>\$127,206</u>	<u>\$465,259</u>	<u>\$0</u>	<u>\$6,025</u>	<u>\$3,500</u>	<u>\$601,990</u>

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

**SYMMES TOWNSHIP
HAMILTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Symmes Township, Hamilton County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Loveland-Symmes Fire Department to provide fire services and ambulance 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or disbursements investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values U.S. Treasury Notes and Bonds at cost. Money market mutual funds are recorded at share values the mutual funds report.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds 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:

**SYMMES TOWNSHIP
HAMILTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Special Revenue TIF Fund - This fund receives payment in lieu of taxes (PILOT) assessed and collected by the County for repaying the principal and interest of the Township's revenue note.

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

Fire District Fund - This fund receives property tax money to pay for fire protection within the Township.

3. Debt Service Fund

This fund accounts for resources the Township accumulates to pay bond and note debt.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Safety Center Land Acquisition Fund – This fund captures all activity related to the acquisition of land for the new Safety Service Center and the construction of the Safety Service Center.

Park Building Fund – This fund captures all activity related to the construction and maintenance facilities in Township parks.

Real Estate Fund – This fund captures all activity related to the acquisition of land for use by the Township.

5. Fiduciary Funds (Trust Funds)

These funds 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 Funds:

Expendable Trust Fund - This fund receives donations and is used for recreational and leisure time activities.

Non-Expendable Trust Fund – Cemetery Bequest Fund - This fund receives interest from the Township's interim deposits and is used for various improvements of Union Cemetery.

**SYMMES TOWNSHIP
HAMILTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments.

**SYMMES TOWNSHIP
HAMILTON COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

The carrying amount of cash and investments at December 31 was as follows:

	2004	2003
Demand deposits	<u>\$6,344,934</u>	<u>\$82,854</u>
Total deposits	<u>6,344,934</u>	<u>82,854</u>
Federal Agency Bonds & Notes	7,261,769	6,945,462
Mutual Fund	<u>10,735</u>	<u>13,042</u>
Total investments	<u>7,272,504</u>	<u>6,958,504</u>
Total deposits and investments	<u><u>\$13,617,438</u></u>	<u><u>\$7,041,358</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Investments: The Township invests in Federal Agency Bonds and Notes, and a Mutual Fund.

Federal Agency Bonds 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 mutual funds are not evidenced by securities that exist in physical or book-entry form. These mutual funds are valued at fair market value.

Trust: The tax increment revenue note trust agreement requires the Township to establish a debt service fund that is to be maintained by a Trustee for payment of principal and interest. At December 31, 2004 and 2003, the Trustee held \$5,248 on the Township's behalf, which is included in demand deposits.

3. BUDGETARY ACTIVITY

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

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,227,657	\$1,513,292	\$285,635
Special Revenue	5,268,722	5,356,813	88,091
Debt Service	(304,804)	243,608	548,412
Capital Projects	5,858,901	5,556,085	(302,816)
Fiduciary	500	1,335	835
Total	<u><u>\$12,050,976</u></u>	<u><u>\$12,671,133</u></u>	<u><u>\$620,157</u></u>

**SYMMES TOWNSHIP
HAMILTON COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,745,303	\$1,371,616	\$373,687
Special Revenue	6,349,333	4,868,965	1,480,368
Debt Service	522,415	243,608	278,807
Capital Projects	5,311,945	5,039,163	272,782
Fiduciary	34,877	4,748	30,129
Total	<u>\$13,963,873</u>	<u>\$11,528,100</u>	<u>\$2,435,773</u>

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,246,047	\$1,745,360	\$499,313
Special Revenue	5,122,206	5,338,149	215,943
Debt Service	1,168,215	1,165,573	(2,642)
Capital Projects	2,124,056	2,124,056	0
Fiduciary	500	1,004	504
Total	<u>\$9,661,024</u>	<u>\$10,374,142</u>	<u>\$713,118</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,758,980	\$1,310,441	\$448,539
Special Revenue	5,789,790	4,357,645	1,432,145
Debt Service	1,168,215	1,168,215	0
Capital Projects	1,686,632	1,666,613	20,019
Fiduciary	49,818	6,418	43,400
Total	<u>\$10,453,435</u>	<u>\$8,509,332</u>	<u>\$1,944,103</u>

4. PROPERTY TAX

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

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.

**SYMMES TOWNSHIP
HAMILTON COUNTY**

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

4. PROPERTY TAX (Continued)

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

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
2003 Various Purpose Limited Tax General Obligation Bonds	\$2,420,000	2%
2004 Various Purpose Limited Tax General Obligation Bonds	5,530,000	2%
Total	\$7,950,000	

A. 2003 - \$2,520,000 Various Purpose Limited Tax General Obligation Bonds

The Township issued the 2003 \$2,520,000 Various Purpose Limited Tax General Obligation Bonds to consolidate four issues consisting of:

- \$750,000 Various Purpose Notes consisting of \$400,000 used to finance township road improvements and
- \$350,000 used to finance the acquisition of park land,
- \$325,000 used to finance the acquisition of land for a new safety service center,
- \$360,000 used to finance the construction of maintenance facilities in township parks, and
- \$1,085,000 used to finance the acquisition of land for use by the Township.

The Township's taxing authority collateralized the bonds.

B. 2004 - \$5,530,000 Various Purpose Limited Tax General Obligation Bonds

The Township issued the 2004 \$5,530,000 Various Purpose Limited Tax General Obligation Bonds to consolidate two issues consisting of:

- \$4,030,000 used to finance the construction of a new safety service center, and
- \$1,500,000 used to finance the construction of a fire station in the township.

The Township's taxing authority collateralized the bonds.

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

**SYMMES TOWNSHIP
HAMILTON COUNTY**

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

5. DEBT (Continued)

Year ending December 31:	2003 General	2004 General	Totals
	Obligation	Obligation	
	Bonds	Bonds	
2005	\$216,135	\$652,150	\$868,285
2006	208,935	657,750	\$866,685
2007	211,835	658,050	\$869,885
2008	214,195	657,408	\$871,603
2009	216,033	654,530	\$870,563
2010 – 2014	1,064,210	2,744,880	\$3,809,090
2015 – 2019	1,067,500	635,350	\$1,702,850
2020-2021	422,450	252,750	\$675,200
Total	<u>\$3,621,293</u>	<u>\$6,912,868</u>	<u>\$10,534,161</u>

6. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

7. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**SYMMES TOWNSHIP
HAMILTON COUNTY**

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

7. RISK MANAGEMENT (Continued)

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31 2004 and 2003.

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	<u>(13,640,962)</u>	<u>(11,791,300)</u>
Retained earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	<u>(753,906)</u>	<u>(750,956)</u>
Retained earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

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

8. TRANSFERS

Transfers were used to reflect the movement of funds for the debt retirement activity from the New Special Revenue TIF Fund to the Debt Service Fund. These transfers were not approved by the Trustees but were audit adjustments needed to properly reflect the activity of the period.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Symmestown Township
Hamilton County
9323 Union Cemetery Road
Loveland, Ohio 45140

To the Board of Trustees:

We have audited the financial statements of Symmestown 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 May 23, 2006, 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 in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Township's management dated May 23, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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 an opinion. The results of our tests disclosed **an** instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001. In a separate letter to the Township's management dated May 23, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

May 23, 2006

**SYMMES TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

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

FINDING NUMBER 2004-001

Noncompliance Citation/Reportable Condition – Establishment of Funds

Ohio Revised Code, 5705.09(F), requires the Township to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

Through review of the Township's 2003 annual report, it was noted that five funds were omitted from the annual report; a special revenue fund – the New Special Revenue TIF Fund, a debt service fund – the New Debt Service Fund, and three capital projects funds – Safety Center Land Acquisition, Park Building Fund, and the Real Estate Fund.

The Township's New Special Revenue TIF Fund receives payment in lieu of taxes assessed and collected by the County for repaying the principal and interest of the Township's revenue note. The Debt Service fund accounts for the accumulation of resources for payment of debt principal and interest. The Safety Center Land Acquisition Fund captures all activity related to the acquisition of land for the new Safety Service Center and the construction of the Safety Service Center. The Park Building Fund captures all activity related to the construction and maintenance facilities in Township parks and the Real Estate Fund captures all activity related to the acquisition of land for use by the Township.

This omission resulted in inaccurate reporting of the Township's debt and capital project financial activity which occurred during the audit period and an inaccurate ending cash position. Upon discussion with the Township, additional information was received to account for the omitted funds' financial activity. The financials statements included reflect the necessary adjustments.

It was also noted that the majority of the Township's debt and capital project financial activity was accounted for in fund 14D, Note Proceeds Miscellaneous Fund. This includes activity that relates to the payment of debt principal and interest and the construction of major capital facilities. The Township did not utilize project accounting codes within the Note Proceeds Miscellaneous Fund to track various debt principal and interest payments and various projects. Furthermore, the financial activity relating to the payment of debt principal and interest should have been properly recorded in the Debt Service fund and the financial activity relating to the construction project should have been properly recorded in the Capital Projects funds. This separate reporting enhances an understanding of the Township's debt and capital activities, and helps to avoid distortions in financial resources trend information that can arise when debt, capital and operating activities are mixed. All related appropriations and other budgetary information should be properly approved and recorded within the Debt Service and Capital Projects fund.

We recommend that the Township account for all of the activity related to the payment of debt principal and interest and the acquisition or construction of major capital facilities in their debt service fund and capital projects fund. Additionally, the Township should budget accordingly for these funds and present this activity on their annual financial report.

Officials' Response

We did not receive a response from Township officials to this finding.



**Auditor of State
Betty Montgomery**

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800-282-0370

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SYMMES 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
JUNE 13, 2006**