



Mary Taylor, CPA
Auditor of State

**SYMMES TOWNSHIP
HAMILTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Findings	19
Schedule of Prior Audit Findings.....	23

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Mary Taylor, CPA

Auditor of State

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 an 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 adverse 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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Mary Taylor, CPA
Auditor of State

March 26, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Symmes Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 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, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Symmes Township, Hamilton County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 March 26, 2008, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 26, 2008

**SYMMES TOWNSHIP
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property and Other Local Taxes	\$582,638	\$3,690,929	\$0	\$0	\$4,273,567
Charges for Services		13,313			13,313
Payments in Lieu of Taxes		654,883			654,883
Licenses, Permits, and Fees	218,151	29,348			247,499
Fines and Forfeitures	17,668	8,238			25,906
Intergovernmental	703,901	572,022		370,245	1,646,168
Special Assessments		84,716			84,716
Interest	348,233	18,598			366,831
Miscellaneous	131,669	213,672			345,341
Total Cash Receipts	<u>2,002,260</u>	<u>5,285,719</u>	<u>0</u>	<u>370,245</u>	<u>7,658,224</u>
Cash Disbursements:					
Current:					
General Government	1,480,559	13,964			1,494,523
Public Safety		3,042,853			3,042,853
Public Works	12,107	300,820			312,927
Health	53,181	39,302			92,483
Conservation - Recreation		234,805			234,805
Contractual Services					0
Capital Outlay	320,079	410,693		1,017,098	1,747,870
Debt Service:					
Redemption of Principal		415,000	175,000		590,000
Interest and Other Fiscal Charges		114,785	161,886		276,671
Total Cash Disbursements	<u>1,865,926</u>	<u>4,572,222</u>	<u>336,886</u>	<u>1,017,098</u>	<u>7,792,132</u>
Total Receipts Over/(Under) Disbursements	<u>136,334</u>	<u>713,497</u>	<u>(336,886)</u>	<u>(646,853)</u>	<u>(133,908)</u>
Other Financing Receipts / (Disbursements)					
Transfers-In		65,177	336,886		402,063
Transfers-Out	(65,177)	(336,886)			(402,063)
Advances-In	75,500	75,500			151,000
Advances-Out	(75,500)	(75,500)			(151,000)
Other Financing Sources	8,946	9,450			18,396
Total Other Financing Receipts / (Disbursements)	<u>(56,231)</u>	<u>(262,259)</u>	<u>336,886</u>	<u>0</u>	<u>18,396</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	<u>80,103</u>	<u>451,238</u>	<u>0</u>	<u>(646,853)</u>	<u>(115,512)</u>
Fund Cash Balances, January 1	<u>3,928,627</u>	<u>4,787,408</u>	<u>0</u>	<u>1,283,708</u>	<u>9,999,743</u>
Fund Cash Balances, December 31	<u>\$4,008,730</u>	<u>\$5,238,646</u>	<u>\$0</u>	<u>\$636,855</u>	<u>\$9,884,231</u>
Reserve for Encumbrances, December 31	<u>\$161,451</u>	<u>\$553,224</u>	<u>\$0</u>	<u>\$3,750</u>	<u>\$718,425</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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property and Other Local Taxes	\$538,057	\$3,815,879	\$0	\$0	\$4,353,936
Payments in Lieu of Taxes		609,583			609,583
Licenses, Permits, and Fees	217,886	38,997			256,883
Fines and Forfeitures	18,798				18,798
Intergovernmental	1,641,322	768,258			2,409,580
Special Assessments		85,036			85,036
Interest	289,866	12,110			301,976
Miscellaneous	31,866	203,367			235,233
Total Cash Receipts	<u>2,737,795</u>	<u>5,533,230</u>	<u>0</u>	<u>0</u>	<u>8,271,025</u>
Cash Disbursements:					
Current:					
General Government	1,211,449	40,892			1,252,341
Public Safety		2,925,370			2,925,370
Public Works	10,991	318,127			329,118
Health	60,544	43,180			103,724
Conservation - Recreation		572,828			572,828
Contractual Services		1,035,746			1,035,746
Capital Outlay	321,155			4,523,663	4,844,818
Debt Service:					
Redemption of Principal		405,000	175,000		580,000
Interest and Other Fiscal Charges		122,885	171,184		294,069
Total Cash Disbursements	<u>1,604,139</u>	<u>5,464,028</u>	<u>346,184</u>	<u>4,523,663</u>	<u>11,938,014</u>
Total Receipts Over/(Under) Disbursements	<u>1,133,656</u>	<u>69,202</u>	<u>(346,184)</u>	<u>(4,523,663)</u>	<u>(3,666,989)</u>
Other Financing Receipts / (Disbursements)					
Transfers-In			346,184		346,184
Transfers-Out		(346,184)			(346,184)
Other Financing Sources	34,343	20,200			54,543
Other Financing Uses	(5,248)				(5,248)
Total Other Financing Receipts / (Disbursements)	<u>29,095</u>	<u>(325,984)</u>	<u>346,184</u>	<u>0</u>	<u>49,295</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	<u>1,162,751</u>	<u>(256,782)</u>	<u>0</u>	<u>(4,523,663)</u>	<u>(3,617,694)</u>
Fund Cash Balances, January 1 (restated - Note 9)	<u>2,765,876</u>	<u>5,044,193</u>	<u>0</u>	<u>5,807,371</u>	<u>13,617,440</u>
Fund Cash Balances, December 31	<u>\$3,928,627</u>	<u>\$4,787,411</u>	<u>\$0</u>	<u>\$1,283,708</u>	<u>\$9,999,746</u>
Reserve for Encumbrances, December 31	<u>\$282,505</u>	<u>\$193,135</u>	<u>\$0</u>	<u>\$649,308</u>	<u>\$1,124,948</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, 2006 AND 2005**

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 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 and the Hamilton County Sheriff's Office for public safety.

The Township participates in the Ohio Township Association Risk Management Authority public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. 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 receipts for 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 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.

**SYMMES TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

2. Special Revenue Funds

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

Note Proceeds Miscellaneous 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.

Park Levy Fund - This fund receives property tax money to pay for park conservation within the Township.

3. Debt Service Funds

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Funds:

TIF Miscellaneous Fund - This fund pays the bond and note debt of the Township.

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 Fund - This fund captures all activity related to the construction of the new Safety Service Center.

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

OPWC Fund - The Township received an Ohio Public Works grant.

**SYMMES TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(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. The Township did not encumber all commitments required by Ohio law.

A summary of 2006 and 2005 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.

**SYMMES TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

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

	2005	2006
Demand deposits	\$2,727,242	\$2,611,727
Total deposits	2,727,242	2,611,727
Federal Agency Notes	7,253,667	7,239,211
Mutual Fund	18,837	33,293
Total investments	7,272,504	7,272,504
Total deposits and investments	\$9,999,746	\$9,884,231

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 Notes, and a Mutual Fund.

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$952,331	\$2,011,206	\$1,058,875
Special Revenue	4,576,478	5,360,345	783,867
Debt Service	500,000	336,886	(163,114)
Capital Projects	0	370,245	370,245
Total	\$6,028,809	\$8,078,682	\$2,049,873

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,749,492	\$2,092,553	\$656,939
Special Revenue	7,722,286	5,462,332	2,259,954
Debt Service	627,245	336,886	290,359
Capital Projects	1,473,603	1,020,848	452,755
Total	\$12,572,626	\$8,912,619	\$3,660,007

**SYMMES TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. Budgetary Activity (Continued)

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,200,193	\$2,772,138	\$571,945
Special Revenue	5,306,723	5,553,430	246,707
Debt Service	500,000	346,184	(153,816)
Capital Projects	0	0	0
Total	\$8,006,916	\$8,671,752	\$664,836

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,174,615	\$1,891,892	\$282,723
Special Revenue	7,699,749	6,003,347	1,696,402
Debt Service	0	346,184	(346,184)
Capital Projects	4,826,981	5,172,971	(345,990)
Total	\$14,701,345	\$13,414,394	\$1,286,951

Contrary to Ohio law, appropriations exceeded estimated resources in the Fire and Rescue Services fund by \$75,490, in the Safety Service Center fund by \$824,295 and in the TIF Miscellaneous fund by \$124,574 for the year ended December 31, 2006.

Contrary to Ohio law, current year appropriations plus prior year carryover appropriations exceeded available resources plus beginning cash fund balance in the TIF Miscellaneous fund by \$287,688 for the year ended December 31, 2006.

Contrary to Ohio law, disbursements plus encumbrances exceeded appropriations in the OPWC fund by \$370,245 for the year ended December 31, 2006. Disbursements plus encumbrances exceeded appropriations in the TIF Miscellaneous fund by \$346,184 and in the Safety Service Center fund by \$345,990 for the year ended December 31, 2005.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax 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.

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

**SYMMES TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

5. Debt

Debt outstanding at December 31, 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2003 Various Purpose Limited Tax General Obligation Bonds	\$2,205,000	2%
2004 Various Purpose Limited Tax General Obligation Bonds	4,575,000	2%
Total	<u>\$6,780,000</u>	

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,
- \$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.

**SYMMES TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

5. Debt (Continued)

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

Year ending December 31:	2003 General Obligation Bonds	2004 General Obligation Bonds	Totals
2007	\$211,835	\$658,050	\$869,885
2008	214,195	657,408	\$871,603
2009	216,033	654,530	\$870,563
2010	212,252	654,080	\$866,332
2011	213,053	652,650	\$865,703
2012 – 2016	1,064,030	1,691,250	\$2,755,280
2017 – 2021	1,064,825	635,000	\$1,699,825
Total	<u>\$3,196,223</u>	<u>\$5,602,968</u>	<u>\$8,799,191</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 this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Township contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

7. Risk Management

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

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim 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 \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses.

**SYMMES TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

7. Risk Management (Continued)

Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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 government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2006 and 2005.

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>

**SYMMES TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

7. Risk Management (Continued)

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	<u>(676,709)</u>	<u>(1,406,031)</u>
Retained earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$137,338. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
2004	\$66,162
2005	\$69,584
2006	\$68,669

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. Transfers

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

**SYMMES TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

9. Fund Balance Restatement

Per Auditor of State Bulletin 2005-005 Required Fund Classifications for Non-GAAP Filers, the fiscal year 2005 beginning fund cash balances of special revenue have been adjusted for the reclassification of the trust funds as follows:

	<u>Special Revenue</u>	<u>Trust</u>	<u>Total</u>
December 31, 2004 Fund Cash Balance, as previously stated	\$4,953,867	\$90,326	\$5,044,193
Fund Reclassification	<u>90,326</u>	<u>(90,326)</u>	<u>0</u>
January 1, 2005 Fund Cash Balance, as restated	<u>\$5,044,193</u>	<u>\$0</u>	<u>\$5,044,193</u>

10. Noncompliance

The Township did not comply with **26 C.F.R. Section 1.6041-1** by issuing the required 1099-MISC Forms for calendar year 2006 to three unincorporated vendors who received payments totaling \$366,548.69 and for calendar year 2005 to two unincorporated vendors who received payments totaling \$392,086.99.



Mary Taylor, CPA

Auditor of State

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, 2006 and 2005, and have issued our report thereon dated March 26, 2008, 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Township's management in a separate letter dated March 26, 2008.

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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001 through 2006-005.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated March 26, 2008.

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

We intend this report solely for the information and use of the audit committee, management, and Board of Trustees. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

March 26, 2008

**SYMMES TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

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

FINDING NUMBER 2006-001

Noncompliance

26 C.F.R. Section 1.6041-1, generally requires that Form 1099-MISC be issued to all independent contractors who receive income aggregating \$600 or more during a calendar year.

Contrary to the requirements of 26 C.F.R. Section 1.6041-1, the Township did not issue the required 1099-MISC Forms for calendar year 2006 to three unincorporated vendors who received payments totaling \$366,548.69 and for calendar year 2005 to two unincorporated vendors who received payments totaling \$392,086.99.

Failure to issue 1099 Forms may result in fines and penalties to the Township and under-reporting of income to the IRS. To ensure compliance with federal tax regulations, we recommend that the Township work with its legal counsel and the Internal Revenue Service to correct the noncompliance described above.

Officials' Response:

No response received from officials regarding the above finding.

FINDING NUMBER 2006-002

Noncompliance

Ohio Rev. Code, Section 5705.36(A)(4), states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. As of December 31, 2006, actual receipts were below estimated receipts, and the deficiency reduced available resources below the current appropriations in the following fund:

Fund	Available Resources Plus Beginning Cash Fund Balance	Current Year Appropriations Plus Prior Year Carryover Appropriations	Variance
TIF Miscellaneous (14B)	\$336,886	\$624,574	\$(287,688)

To reduce the risk of appropriations exceeding available resources and the potential for negative fund balances, we recommend that the Township periodically review and compare estimated and actual receipts and make the necessary amendments thereto.

Officials' Response:

No response received from officials regarding the above finding.

FINDING NUMBER 2006-003

Noncompliance

Ohio Rev. Code, Section 5705.39, states that the total appropriation from each fund shall not exceed the total estimated resources. Appropriations exceeded total estimated resources in the following funds:

2006

Fund	Estimated Resources	Appropriations	Variance
Fire and Rescue Services (28)	\$78,500	\$153,990	\$(75,490)
Safety Service Center (18A)	0	824,295	(824,295)
TIF Miscellaneous (14B)	500,000	624,574	(124,574)

Appropriating more resources than the Township is expecting for the year could result in negative fund balances and possibly lead to fiscal distress due to overspending. We recommend that the Township monitor budgetary activity monthly and make the necessary amendments to their official budgetary documents and system so that they reflect the actual budgetary situation. All amendments should be reviewed and approved by the Board of Trustees.

Officials' Response:

No response received from officials regarding the above finding.

FINDING NUMBER 2006-004

Noncompliance

Ohio Rev. Code, Section 5705.41(B), states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. The Township's disbursements plus encumbrances exceeded appropriations in the following funds:

2006

	Appropriations	Actual Disbursements Plus Encumbrances	Variance
OPWC Fund	\$0	\$370,245	\$(370,245)

2005

	Appropriations	Actual Disbursements Plus Encumbrances	Variance
TIF Miscellaneous	\$0	\$346,184	\$(346,184)
Safety Center	4,826,981	5,172,971	(345,990)

When appropriations exceed expenditures the potential for overspending and negative fund balances increases. We recommend that the Township consistently deny any payment request which would result in a fund's expenditures exceeding appropriations. Where necessary, the Township may request the Board of Trustees to approve increased expenditure levels by amending appropriations.

Officials' Response:

No response received from officials regarding the above finding.

FINDING NUMBER 2006-005

Noncompliance

Ohio Rev. Code, Section 5705.41(D)(1), prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Township did not properly certify the availability of funds for purchase commitments for fiscal year 2006 for 26% and for fiscal year 2005 for 15% of expenditures tested and none of the exceptions above applied. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

**FINDING NUMBER 2006-005
(Continued)**

We recommend the Township officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials' Response:

No response received from officials regarding the above finding.

**SYMMES TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Establishment of Funds	Yes	



Mary Taylor, CPA
Auditor of State

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
APRIL 29, 2008**