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## **Symmes Township, Ohio**

Financial Statements

Years Ended December 31, 2012 and 2011

with Independent Auditors' Report







# Dave Yost • Auditor of State

Board of Trustees  
Symmes Township  
9323 Union Cemetery Road  
Symmes Twp., Ohio 45140

We have reviewed the *Independent Auditors' Report* of Symmes Township, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Symmes Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 24, 2013

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Symmes Township, Hamilton County:

### ***Report on Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

one east fourth street, ste. 1200  
cincinnati, oh 45202

www.cshco.com  
p. 513.241.3111  
f. 513.241.1212

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

***Opinion on Regulatory Basis of Accounting***

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

***Emphasis of Matter***

As discussed in Note 8 to the financial statements, during 2011 the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2013, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
June 4, 2013

**Symmes Township, Hamilton County**  
*Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2012*

	General	Special Revenue	Debt Service	Capital Projects	Total
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 649,078	4,845,549	-	-	5,494,627
Charges for Services	-	183,083	-	-	183,083
Licenses, Permits and Fees	42,639	39,091	-	-	81,730
Fines and Forfeitures	20,659	9,034	-	-	29,693
Payment in Lieu of Taxes	-	716,601	-	-	716,601
Intergovernmental	388,614	703,587	-	-	1,092,201
Special Assessments	-	134,894	-	-	134,894
Earnings on Investments	16,400	1,030	-	-	17,430
Other	231,385	11,022	-	-	242,407
<i>Total Cash Receipts</i>	<u>1,348,775</u>	<u>6,643,891</u>	<u>-</u>	<u>-</u>	<u>7,992,666</u>
<b>Cash Disbursements</b>					
Current:					
General Government	1,660,085	178,210	-	-	1,838,295
Public Safety	5,000	3,418,703	-	-	3,423,703
Public Works	14,969	451,403	-	-	466,372
Health	57,066	52,322	-	-	109,388
Human Services	500	-	-	-	500
Conservation-Recreation	-	306,607	-	-	306,607
Other	-	1,673	-	-	1,673
Capital Outlay	41,995	813,489	-	480,358	1,335,842
Debt Service:					
Principal Retirement	-	687,692	232,308	-	920,000
Interest and Fiscal Charges	-	354,043	162,682	-	516,725
<i>Total Cash Disbursements</i>	<u>1,779,615</u>	<u>6,264,142</u>	<u>394,990</u>	<u>480,358</u>	<u>8,919,105</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(430,840)</u>	<u>379,749</u>	<u>(394,990)</u>	<u>(480,358)</u>	<u>(926,439)</u>
<b>Other Financing Sources (Uses)</b>					
Bonds Issued	-	-	2,280,000	-	2,280,000
Premium on Bond Issue	-	-	60,101	-	60,101
Payment to Bond Escrow Agent	-	-	(2,275,835)	-	(2,275,835)
Transfers In	-	-	339,153	-	339,153
Transfers Out	-	(339,153)	-	-	(339,153)
Other Financing Sources (Uses)	52,740	18,700	-	-	71,440
<i>Total Other Financing Sources (Uses)</i>	<u>52,740</u>	<u>(320,453)</u>	<u>403,419</u>	<u>-</u>	<u>135,706</u>
<i>Net Change in Fund Cash Balances</i>	<u>(378,100)</u>	<u>59,296</u>	<u>8,429</u>	<u>(480,358)</u>	<u>(790,733)</u>
<i>Fund Balances Beginning of Year</i>	<u>4,336,636</u>	<u>5,539,025</u>	<u>144,574</u>	<u>719,192</u>	<u>10,739,427</u>
<b>Fund Cash Balances, End of Year</b>					
Restricted	-	5,399,138	153,003	238,834	5,790,975
Committed	-	199,183	-	-	199,183
Assigned	1,291,381	-	-	-	1,291,381
Unassigned	2,667,155	-	-	-	2,667,155
<i>Fund Balances End of Year</i>	<u>3,958,536</u>	<u>5,598,321</u>	<u>153,003</u>	<u>238,834</u>	<u>9,948,694</u>

See accompanying notes to the basic financial statements



**Symmes Township, Hamilton County**  
*Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2011*

	General	Special Revenue	Debt Service	Capital Projects	Total
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 606,659	5,012,185	-	-	5,618,844
Charges for Services	-	195,326	-	-	195,326
Licenses, Permits and Fees	43,540	43,459	-	-	86,999
Fines and Forfeitures	24,653	9,358	-	-	34,011
Payment in Lieu of Taxes	-	702,604	-	-	702,604
Intergovernmental	550,572	734,499	-	-	1,285,071
Special Assessments	-	102,712	-	-	102,712
Earnings on Investments	29,798	1,580	-	-	31,378
Other	223,376	14,362	-	11,149	248,887
<i>Total Cash Receipts</i>	<u>1,478,598</u>	<u>6,816,085</u>	<u>-</u>	<u>11,149</u>	<u>8,305,832</u>
<b>Cash Disbursements</b>					
Current:					
General Government	1,546,185	13,454	-	-	1,559,639
Public Safety	20,000	3,477,770	-	-	3,497,770
Public Works	15,204	442,772	-	-	457,976
Health	54,558	33,611	-	-	88,169
Human Services	26,060	-	-	-	26,060
Conservation-Recreation	-	346,523	-	-	346,523
Other	-	3,696	-	-	3,696
Capital Outlay	314,003	688,165	-	2,015,777	3,017,945
Debt Service:					
Principal Retirement	-	650,000	200,000	-	850,000
Interest and Fiscal Charges	-	382,515	136,903	-	519,418
<i>Total Cash Disbursements</i>	<u>1,976,010</u>	<u>6,038,506</u>	<u>336,903</u>	<u>2,015,777</u>	<u>10,367,196</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(497,412)</u>	<u>777,579</u>	<u>(336,903)</u>	<u>(2,004,628)</u>	<u>(2,061,364)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	-	-	336,903	-	336,903
Transfers Out	-	(336,903)	-	-	(336,903)
Other Financing Sources (Uses)	37,343	10,513	-	-	47,856
<i>Total Other Financing Sources (Uses)</i>	<u>37,343</u>	<u>(326,390)</u>	<u>336,903</u>	<u>-</u>	<u>47,856</u>
<i>Net Change in Fund Cash Balances</i>	<u>(460,069)</u>	<u>451,189</u>	<u>-</u>	<u>(2,004,628)</u>	<u>(2,013,508)</u>
<i>Fund Balances Beginning of Year</i>	<u>4,796,705</u>	<u>5,087,836</u>	<u>144,574</u>	<u>2,723,820</u>	<u>12,752,935</u>
<b>Fund Cash Balances, End of Year</b>					
Restricted	-	5,327,548	144,574	719,192	6,191,314
Committed	-	211,477	-	-	211,477
Assigned	1,369,942	-	-	-	1,369,942
Unassigned	2,966,694	-	-	-	2,966,694
<i>Fund Balances End of Year</i>	<u>4,336,636</u>	<u>5,539,025</u>	<u>144,574</u>	<u>719,192</u>	<u>10,739,427</u>

See accompanying notes to the basic financial statements

SYMMES TOWNSHIP  
HAMILTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

**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, (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 Loveland-Symmes Fire Department to provide fire and ambulance services and the Hamilton County Sheriff's Office, to provide police services.

The Township participates in 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. Agency Securities 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, 2012 AND 2011

**2. Special Revenue Funds**

These funds account for proceeds from specific sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Police District Fund - This fund receives property tax revenue to provide police protection in the Township.

Fire District Fund - This fund receives property tax revenue to provide fire protection in the Township

Park Levy Fund - This fund receives property tax revenue to fund park conservation and development.

Special Levy – Safety Services Fund – This fund receives property tax revenue to fund police, fire and emergency medical services.

**3. Debt Service Fund**

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

TIF Miscellaneous Fund - This fund pays the 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 fund:

Park Acquisition Fund – This fund captures all activity related to the purchase of park land and construction costs for improvements.

**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.

SYMMES TOWNSHIP  
HAMILTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

**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 2012 and 2011 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

SYMMES TOWNSHIP  
HAMILTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when disbursements are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. 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.

**H. 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. Cash and Investments**

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2012	2011
Demand deposits	\$ 266,933	\$ 1,059,968
US agency securities	9,663,170	9,602,738
Money market account	18,591	76,721
Total investments	<u>\$ 9,681,761</u>	<u>\$ 9,679,459</u>
Total deposits and investments	<u>\$ 9,948,694</u>	<u>\$ 10,739,427</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 U.S. Agency Securities and a money market fund. The Federal Reserve holds the Township's U.S. Agency Securities in book-entry form in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

SYMMES TOWNSHIP  
HAMILTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts				
Fund Type		Budgeted Receipts	Actual Receipts	Variance
General	\$	1,398,322	1,401,515	3,193
Special Revenue		6,657,129	6,662,591	5,462
Debt Service		2,679,254	2,679,254	-
Capital Projects		-	-	-
Total	\$	<u>10,734,705</u>	<u>10,743,360</u>	<u>8,655</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures				
Fund Type		Appropriation Authority	Budgetary Expenditures	Variance
General	\$	2,716,764	1,869,650	847,114
Special Revenue		7,790,101	6,700,154	1,089,947
Debt Service		2,670,827	2,670,827	-
Capital Projects		480,358	480,358	-
Total	\$	<u>13,658,050</u>	<u>11,720,989</u>	<u>1,937,061</u>

2011 Budgeted vs. Actual Receipts				
Fund Type		Budgeted Receipts	Actual Receipts	Variance
General	\$	1,489,381	1,515,941	26,560
Special Revenue		6,844,725	6,826,598	(18,127)
Debt Service		336,903	336,903	-
Capital Projects		11,149	11,149	-
Total	\$	<u>8,682,158</u>	<u>8,690,591</u>	<u>8,433</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures				
Fund Type		Appropriation Authority	Budgetary Expenditures	Variance
General	\$	2,982,672	2,068,143	914,529
Special Revenue		7,730,675	6,628,897	1,101,778
Debt Service		336,903	336,903	-
Capital Projects		2,500,000	2,496,134	3,866
Total	\$	<u>13,550,250</u>	<u>11,530,077</u>	<u>2,020,173</u>

SYMMES TOWNSHIP  
HAMILTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

**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.

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, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2003 Various Purpose Limited Tax GO Bonds	\$ 135,000	2%
2004 Various Purpose Limited Tax GO Bonds	\$ 680,000	2%
2010 Park Land Acquisition and Improvement GO Bonds	\$ 7,455,000	1% - 5.25%
2012 Various Purpose Refunding Limited Tax GO Bonds	<u>\$ 2,245,000</u>	1% - 2%
Total	<u>\$ 10,515,000</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 five 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.

SYMMES TOWNSHIP  
HAMILTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

**C. 2010 - \$7,820,000 Park Land Acquisition and Improvement General Obligation Bonds**

The Township issued the 2010 \$7,820,000 Park Land Acquisition and Improvement General Obligation Bonds for the purpose of permanently financing the cost of acquiring park land and constructing improvements to such park land.

The Township's taxing authority collateralized the bonds.

**D. 2012 - \$2,280,000 Various Purpose Refunding Limited Tax General Obligation Bonds**

The Township issued the 2012 \$2,280,000 Various Purpose Refunding Limited Tax General Obligation Bonds for the purpose of refunding a portion of the 2003 Various Purpose Limited Tax General Obligation Bonds and a portion of the 2004 Various Purpose Limited Tax General Obligation Bonds. The partial refunding of these bonds resulted in an economic gain of \$228,933.

The Township's taxing authority collateralized the bonds.

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

Year Ending December 31	2003 General Obligation Bonds	2004 General Obligation Bonds	2010 General Obligation Bonds	2012 Refunding General Obligation Bonds
2013	\$ 213,102	\$ 658,050	\$ 520,343	\$ 100,338
2014	-	124,250	526,542	224,737
2015	-	-	522,542	307,425
2016	-	-	518,543	309,050
2017	-	-	518,543	314,925
2018-2022	-	-	2,606,333	1,238,600
2023-2027	-	-	2,600,322	-
2028-2032	-	-	2,604,663	-
2033-2037	-	-	2,599,348	-
	<u>\$ 213,102</u>	<u>\$ 782,300</u>	<u>\$ 13,017,179</u>	<u>\$ 2,495,075</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 these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2012.

**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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a



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member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage**

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2011, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

**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, 2011 and 2010 (the latest information available):

	<u>2011</u>	<u>2010</u>
Assets	\$ 35,086,165	\$ 35,855,252
Liabilities	<u>(9,718,792)</u>	<u>(10,664,724)</u>
Net Assets	<u>\$ 25,367,373</u>	<u>\$ 25,190,528</u>

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$9.1 and \$9.9 million of estimated incurred claims payable. The assets above also include approximately \$8.6 and \$9.5 million of unpaid claims to be billed to approximately 938 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Township's share of these unpaid claims collectible in future years is approximately \$50,000.

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. The Township's contributions to OTARMA for the years ending December 31, 2011 and 2010 were \$74,864 and \$60,282, respectively.

After completing one year of membership, a member may withdraw on each anniversary of the date joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

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**8. Change in Accounting Principles**

During 2011, the Township adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clarified fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Symmes Township, Hamilton County:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Symmes Township, Hamilton County (Township) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 4, 2013 wherein we noted the Township followed accounting practices the Auditor of State prescribes and adopted Governmental Accounting Standards Board Statement No. 54.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompany schedule of findings and responses as item 2012-1 that we considered to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 that are required to be reported under *Government Auditing Standards*.

## **Township's Response to Findings**

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Township's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. According, this communication is not suitable for any other purpose.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
June 4, 2013

**SYMMES TOWNSHIP, OHIO**  
Schedule of Findings and Responses  
Years Ended December 31, 2012 and 2011

Finding 2012-1 – Audit Adjustments

*Condition:* During the course of our audit, we identified misstatements in the financial statements that were not initially identified by the Township's internal control over financial reporting. The audit adjustments were necessary to properly classify fund balances in accordance with GASB Statement 54 for the years ended December 31, 2012 and 2011.

*Recommendation:* We recommend the Township enhance its internal controls over financial reporting such as management analysis of the financials and establish policies and procedures regarding the classification of fund balances.

*Management response:* GASB Statement No. 54 was effective with the year-end financial reports for 2011. During the Fall of 2011, John Borchers and Carol Sims attended a seminar by the State Auditor explaining how this change would need to be incorporated into future financial statements. GASB Statement No. 54 established fund balance classifications to which the Township is bound to honor limitations imposed upon reported resources. These classifications were – Non-spendable, Restricted, Committee, Assigned and Unassigned.

*Based on our understanding from this training, Symmes Township implemented these classifications for the year-end financial report for 2011 to the best of our ability. Our intention was to make the classifications transparent and to explain the special restraints on specific funds.*

*Unfortunately, it appears that some were incorrectly classified. We have reviewed these items with the auditor and now have a better knowledge and understanding of the different classifications.*

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# Dave Yost • 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  
JULY 9, 2013**