



**THOMPSON TOWNSHIP
GEAUGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Thompson Township
Geauga County
7927 Madison Road
Thompson, Ohio 44086

To the Board of Trustees:

We have audited the accompanying financial statements of Thompson Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits to obtain reasonable assurance about 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 that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 Thompson Township, Geauga County, as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2000 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 grants.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

March 1, 2000

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**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local Taxes	\$41,678	\$213,955	\$0	\$0	\$255,633
Intergovernmental	123,522	84,767	0	0	208,289
Special Assessment	0	0	38,887	798	39,685
Licenses, Permits, and Fees	3,044	3,275	0	0	6,319
Fines, Forfeitures, and Penalties	982	0	0	0	982
Earnings on Investments	3,635	319	0	0	3,954
Other Revenue	8,641	21,559	0	0	30,200
Total Cash Receipts	181,502	323,875	38,887	798	545,062
Cash Disbursements:					
Current:					
General Government	69,997	0	0	0	69,997
Public Safety	7,734	96,361	0	0	104,095
Public Works	2,673	139,776	0	802	143,251
Health	13,358	4,513	0	0	17,871
Conservation - Recreation	2,588	0	0	0	2,588
Debt Service:					
Redemption of Principal	0	5,000	14,776	0	19,776
Interest and Fiscal Charges	0	0	22,314	0	22,314
Capital Outlay	28,000	52,205	0	0	80,205
Total Cash Disbursements	124,350	297,855	37,090	802	460,097
Total Receipts Over/(Under) Disbursements	57,152	26,020	1,797	(4)	84,965
Other Financing Receipts/(Disbursements):					
Other Sources	0	3,100	0	0	3,100
Total Other Financing Receipts/(Disbursements)	0	3,100	0	0	3,100
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	57,152	29,120	1,797	(4)	88,065
Fund Cash Balances, January 1, 1999	96,588	82,712	3,568	93	182,961
Fund Cash Balances, December 31, 1999	\$153,740	\$111,832	\$5,365	\$89	\$271,026
Reserve for Encumbrances, December 31, 1999	\$0	\$0	\$0	\$0	\$0

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Non-Expendable Trust Fund</u>
Operating Disbursements:	
Supplies and Materials	<u>\$55</u>
Total Operating Disbursements	<u>55</u>
NET INCOME(LOSS)	<u>(55)</u>
Fund Cash Balances, January 1, 1999	<u>56</u>
Fund Cash Balances, December 31, 1999	<u><u>\$1</u></u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local Taxes	\$39,691	\$203,735	\$0	\$0	\$243,426
Intergovernmental	89,496	80,290	0	0	169,786
Special Assessments	0	0	18,810	919	19,729
Licenses, Permits, and Fees	1,907	2,185	0	0	4,092
Fines, Forfeitures, and Penalties	1,182	0	0	0	1,182
Earnings on Investments	2,974	611	0	0	3,585
Other Revenue	26,518	6,377	0	0	32,895
Total Cash Receipts	161,768	293,198	18,810	919	474,695
Cash Disbursements:					
Current:					
General Government	64,367	0	0	0	64,367
Public Safety	3,961	89,197	0	0	93,158
Public Works	3,711	144,123	0	0	147,834
Health	10,799	3,604	0	997	15,400
Human Services	2,603	0	0	0	2,603
Debt Service:					
Redemption of Principal	0	5,000	300,000	0	305,000
Interest and Fiscal Charges	0	0	12,508	0	12,508
Capital Outlay	29,657	46,578	0	58,370	134,605
Total Cash Disbursements	115,098	288,502	312,508	59,367	775,475
Total Receipts Over/(Under) Disbursements	46,670	4,696	(293,698)	(58,448)	(300,780)
Other Financing Receipts/(Disbursements):					
Proceeds of Bonds	0	0	272,070	0	272,070
Operating Transfers-In	0	0	0	58,370	58,370
Operating Transfers-Out	(58,370)	0	0	0	(58,370)
Other Sources	45	1,300	0	0	1,345
Total Other Financing Receipts/(Disbursements)	(58,325)	1,300	272,070	58,370	273,415
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(11,655)	5,996	(21,628)	(78)	(27,365)
Fund Cash Balances, January 1, 1998	108,243	76,716	25,196	171	210,326
Fund Cash Balances, December 31, 1998	\$96,588	\$82,712	\$3,568	\$93	\$182,961
Reserve for Encumbrances, December 31, 1998	\$0	\$24	\$0	\$0	\$24

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Non-Expendable Trust Fund
Operating Receipts:	
Earnings on Investments	\$2
Total Operating Receipts	2
Operating Disbursements:	
Supplies and Materials	46
Total Operating Disbursements	46
NET INCOME(LOSS)	(44)
Fund Cash Balances, January 1, 1998	100
Fund Cash Balances, December 31, 1998	\$56

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

The Township had no investments during the audit period.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

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

Fire District Fund - This fund receives property tax money to provide fire protection to the Township residents.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness. This fund receives special assessment money for the retirement of the road improvement bonds.

4. Capital Projects Funds

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

Permanent Improvements Fund - This fund is used for the purpose of providing maintenance and improvements for reconstruction and renovations of the Township roads and buildings.

Fiduciary Fund Type

5. Non-Expendable Trust Fund

This fund is used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. The Township had the following Non-Expendable Trust Fund:

Stockwell Trust Fund - This fund is used for the purpose of maintaining certain grave sites in the Township Cemetery.

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.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 re-appropriated.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash account used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$271,027</u>	<u>\$183,017</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$173,001	\$181,502	\$8,501
Special Revenue	292,047	326,975	34,928
Debt Service	37,091	38,887	1,796
Capital Projects	830	798	(32)
Non-Expendable Trust	3	0	(3)
Total	<u>\$502,972</u>	<u>\$548,162</u>	<u>\$45,190</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$242,500	\$124,350	\$118,150
Special Revenue	374,691	297,655	77,036
Debt Service	39,721	37,090	2,631
Capital Projects	920	802	118
Non-Expendable Trust	55	55	0
Total	<u>\$657,887</u>	<u>\$459,952</u>	<u>\$197,935</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$142,211	\$161,813	\$19,602
Special Revenue	278,000	294,498	16,498
Debt Service	290,880	290,880	0
Capital Projects	59,270	59,289	19
Non-Expendable Trust	3	2	(1)
Total	<u>\$770,364</u>	<u>\$806,482</u>	<u>\$36,118</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$249,482	\$173,468	\$76,014
Special Revenue	352,750	288,526	64,224
Debt Service	316,076	312,508	3,568
Capital Projects	59,370	59,367	3
Non-Expendable Trust	46	46	0
Total	<u>\$977,724</u>	<u>\$833,915</u>	<u>\$143,809</u>

4. PROPERTY TAX

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Note	\$ 40,000	0%
Road Improvements Bonds	<u>257,293</u>	5.55%
Total Principal Outstanding	<u>\$297,293</u>	

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

Year ending <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2000	\$27,811	\$14,280	\$42,091
2001	29,077	13,014	42,091
2002	30,413	11,678	42,091
2003	31,823	10,268	42,091
2004	33,312	8,779	42,091
2005	34,883	7,208	42,091
2006	36,542	5,549	42,091
2007	38,292	3,799	42,091
2008	<u>35,140</u>	<u>1,951</u>	<u>42,091</u>
Total	<u>\$297,293</u>	<u>\$76,526</u>	<u>\$373,819</u>

6. RETIREMENT SYSTEMS

Public Employees Retirement System (PERS) of Ohio is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1998 and 1999, members of PERS contributed 8.5%. The Township contributed an amount equal to 13.55% of regular participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Commercial automobile insurance
- Public officials liability
- Law Enforcement liability

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

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Thompson Township
Geauga County
7927 Madison Road
Thompson, Ohio 44086

To the Board of Trustees:

We have audited the financial statements of Thompson Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 1, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 1, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, sweeping flourish extending to the left.

Jim Petro
Auditor of State

March 1, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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THOMPSON TOWNSHIP

GEAUGA 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 6, 2000**