

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

*Financial Statements  
(Audited)*

For The Years Ended  
December 31, 2006 and 2005

**WADE L. ESTEP, FISCAL OFFICER**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Blendon Township  
6330 Hempstead Road  
Westerville, Ohio 43081

We have reviewed the *Independent Auditor's Report* of Blendon Township, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2005 through December 31, 2006. 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 Auditor's 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 Auditor's 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. Blendon Township is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA  
Auditor of State

September 25, 2007

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**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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**Independent Auditor's Report**

Blendon Township  
Franklin County  
6330 Hempstead Road  
Westerville, Ohio 43081

We have audited the accompanying financial statements of Blendon Township, Franklin County, as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of Blendon 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 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 audit provides a reasonable basis for our opinion.

As discussed more fully in Note 2, Blendon Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require Blendon Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. While Blendon Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. Blendon Township has elected not to reformat its statements. Since Blendon Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matters 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 Blendon 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 cash fund balances of Blendon Township, Franklin County, Ohio, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting Note 2 describes.

The aforementioned revision to generally accepted accounting principles also requires Blendon Township to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. Blendon 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 June 21, 2007, on our consideration of Blendon 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 "Julian & Grube, Inc.".

Julian & Grube, Inc.  
June 21, 2007



**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES  
ALL FUND TYPES  
DECEMBER 31, 2006 AND 2005

<u>Cash and Investments</u>	<u>2006</u>	<u>2005</u>
Cash and Cash Equivalents	\$ 992,658	\$ 1,213,326
Investments	<u>3,990,627</u>	<u>3,940,011</u>
Total Cash and Investments	<u>\$ 4,983,285</u>	<u>\$ 5,153,337</u>
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 3,569,397	\$ 3,731,530
Special Revenue Funds	1,402,191	1,409,836
Debt Service Fund	3,857	4,196
Permanent Fund	<u>7,840</u>	<u>7,775</u>
Total Governmental Fund Types	<u>4,983,285</u>	<u>5,153,337</u>
Total Fund Balances	<u>\$ 4,983,285</u>	<u>\$ 5,153,337</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

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

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Permanent Fund	
Cash receipts:					
Local taxes	\$ 82,821	\$ 2,398,405	\$ 31,367	\$ -	\$ 2,512,593
Intergovernmental	498,470	318,909	-	-	817,379
Special assessments	-	36,809	-	-	36,809
Charges for services	76,017	-	-	-	76,017
Fines, licenses, and permits	125,379	71,060	-	-	196,439
Interest	177,324	23,717	-	65	201,106
Donations and contributions	2,370	17,130	-	-	19,500
Miscellaneous	4,223	55,850	-	-	60,073
Total cash receipts	<u>966,604</u>	<u>2,921,880</u>	<u>31,367</u>	<u>65</u>	<u>3,919,916</u>
Cash disbursements:					
Current:					
General government	337,795	-	-	-	337,795
Public safety	-	2,571,788	-	-	2,571,788
Public works	-	344,929	-	-	344,929
Health	31,205	120,955	-	-	152,160
Human Services	179,322	-	-	-	179,322
Capital outlay	455,535	149,703	-	-	605,238
Debt service:					
Principal retirement	-	-	16,200	-	16,200
Interest and fiscal charges	-	-	15,506	-	15,506
Total cash disbursements	<u>1,003,857</u>	<u>3,187,375</u>	<u>31,706</u>	<u>-</u>	<u>4,222,938</u>
Total cash receipts over/(under) cash disbursements	<u>(37,253)</u>	<u>(265,495)</u>	<u>(339)</u>	<u>65</u>	<u>(303,022)</u>
Other financing receipts/(disbursements):					
Transfers in	-	150,000	-	-	150,000
Transfers out	(150,000)	-	-	-	(150,000)
Other sources	25,120	107,850	-	-	132,970
Total other financing receipts/(disbursements)	<u>(124,880)</u>	<u>257,850</u>	<u>-</u>	<u>-</u>	<u>132,970</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(162,133)	(7,645)	(339)	65	(170,052)
Cash fund balances, January 1, 2006	<u>3,731,530</u>	<u>1,409,836</u>	<u>4,196</u>	<u>7,775</u>	<u>5,153,337</u>
Cash fund balances, December 31, 2006	<u>\$ 3,569,397</u>	<u>\$ 1,402,191</u>	<u>\$ 3,857</u>	<u>\$ 7,840</u>	<u>\$ 4,983,285</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2006 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2006 Appropriations	Total	Actual 2006 Disbursements	Encumbrances Outstanding at 12/31/06	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 3,547,272	\$ 874,154	\$ 4,421,426	\$ 991,724	\$ 117,570	\$ 179,850	\$ 1,445,750	\$ 1,625,600	\$ 1,153,857	\$ -	\$ 1,153,857	\$ 471,743
Special Revenue	1,406,161	3,370,785	4,776,946	3,179,730	(191,055)	8,088	3,778,500	3,786,588	3,187,375	-	3,187,375	599,213
Debt Service	4,196	31,194	35,390	31,367	173	-	32,100	32,100	31,706	-	31,706	394
Permanent	<u>7,775</u>	<u>30</u>	<u>7,805</u>	<u>65</u>	<u>35</u>	<u>-</u>	<u>400</u>	<u>400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400</u>
Total (Memorandum Only)	<u>\$ 4,965,404</u>	<u>\$ 4,276,163</u>	<u>\$ 9,241,567</u>	<u>\$ 4,202,886</u>	<u>\$ (73,277)</u>	<u>\$ 187,938</u>	<u>\$ 5,256,750</u>	<u>\$ 5,444,688</u>	<u>\$ 4,372,938</u>	<u>\$ -</u>	<u>\$ 4,372,938</u>	<u>\$ 1,071,750</u>

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Permanent Fund	
<b>Cash receipts:</b>					
Local taxes	\$ 73,226	\$ 2,363,864	\$ 33,287	\$ -	\$ 2,470,377
Intergovernmental	486,448	395,159	-	-	881,607
Special assessments	-	44,145	-	-	44,145
Charges for services	79,933	-	-	-	79,933
Fines, licenses and permits	112,732	86,151	-	-	198,883
Interest	98,584	7,600	-	27	106,211
Miscellaneous	3,917	50,032	-	-	53,949
<b>Total cash receipts</b>	<b>854,840</b>	<b>2,946,951</b>	<b>33,287</b>	<b>27</b>	<b>3,835,105</b>
<b>Cash disbursements:</b>					
<b>Current:</b>					
General government	331,092	-	-	-	331,092
Public safety	12,000	2,650,723	-	-	2,662,723
Public works	-	360,405	-	-	360,405
Health	29,515	163,325	-	-	192,840
Human services	159,261	-	-	-	159,261
Capital outlay	190,298	64,205	-	-	254,503
<b>Debt service:</b>					
Principal retirement	-	-	15,700	-	15,700
Interest and fiscal charges	-	-	15,855	-	15,855
<b>Total cash disbursements</b>	<b>722,166</b>	<b>3,238,658</b>	<b>31,555</b>	<b>-</b>	<b>3,992,379</b>
<b>Total cash receipts over/(under) cash disbursements</b>	<b>132,674</b>	<b>(291,707)</b>	<b>1,732</b>	<b>27</b>	<b>(157,274)</b>
<b>Other financing receipts/(disbursements):</b>					
Transfers in	-	300,000	-	-	300,000
Transfers out	(300,000)	-	-	-	(300,000)
Other sources	13,938	115,010	-	-	128,948
<b>Total other financing receipts/(disbursements)</b>	<b>(286,062)</b>	<b>415,010</b>	<b>-</b>	<b>-</b>	<b>128,948</b>
<b>Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements</b>	<b>(153,388)</b>	<b>123,303</b>	<b>1,732</b>	<b>27</b>	<b>(28,326)</b>
Cash fund balances, January 1, 2005	3,884,918	1,286,533	2,464	7,748	5,181,663
<b>Cash fund balances, December 31, 2005</b>	<b>\$ 3,731,530</b>	<b>\$ 1,409,836</b>	<b>\$ 4,196</b>	<b>\$ 7,775</b>	<b>\$ 5,153,337</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2005

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2005 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2005 Appropriations	Total	Actual 2005 Disbursements	Encumbrances Outstanding at 12/31/05	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 3,884,918	\$ 835,817	\$ 4,720,735	\$ 868,778	\$ 32,961	\$ -	\$ 1,564,250	\$ 1,564,250	\$ 1,022,166	\$ 179,850	\$ 1,202,016	\$ 362,234
Special Revenue	1,286,533	3,277,034	4,563,567	3,361,961	84,927	-	3,736,500	3,736,500	3,238,658	8,088	3,246,746	489,754
Debt Service	2,464	32,664	35,128	33,287	623	-	31,600	31,600	31,555	-	31,555	45
Permanent	<u>7,748</u>	<u>30</u>	<u>7,778</u>	<u>27</u>	<u>(3)</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Total												
(Memorandum Only)	<u>\$ 5,181,663</u>	<u>\$ 4,145,545</u>	<u>\$ 9,327,208</u>	<u>\$ 4,264,053</u>	<u>\$ 118,508</u>	<u>\$ -</u>	<u>\$ 5,334,350</u>	<u>\$ 5,334,350</u>	<u>\$ 4,292,379</u>	<u>\$ 187,938</u>	<u>\$ 4,480,317</u>	<u>\$ 854,033</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 1 - DESCRIPTION OF THE ENTITY**

Blendon Township, Franklin County, Ohio, (the "Township") is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, police protection and cemetery maintenance. The Township contracts with the City of Westerville to provide fire services and ambulance services.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The most significant of the Township's accounting policies are described below.

**A. BASIS OF PRESENTATION - FUND ACCOUNTING**

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

Governmental Fund Types

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.

Special Revenue Fund Type

These funds are used to account for proceeds of specific revenue sources (other than from trusts or for capital projects) that are legally restricted to expenditure for specific purposes.

The Township had the following significant special revenue funds:

*Police District Fund* - This fund receives property tax money for providing police services.

*Fire Fund* - This fund receives property tax money for providing fire services through the City of Westerville.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Debt Service Fund Type

These funds are used to accumulate resources for the payment of indebtedness. The Township had the following debt service fund:

*Bond Retirement* - This fund accumulates tax monies for the payment to the City of Westerville for the Township's portion of the new fire station.

Permanent Fund Type

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following permanent fund:

*Cemetery Bequest Fund* - This fund receives restricted donations. Interest earned may be used to maintain graves in the cemetery.

**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. BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The primary level of budgetary control is at the item level within a department and fund. Any budgetary modifications at this level may only be made by resolution of the Township's Board of Trustees. The Township had several budget modifications throughout the years ended December 31, 2006 and 2005.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Tax Budget:*

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except certain agency funds, are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

*Estimated Resources:*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Township by September 1. As part of this certification, the Township receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Township determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Township must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

*Appropriations:*

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the legal 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.

*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. The Township did not have any outstanding encumbrances at December 31, 2006. The Township had outstanding encumbrances at December 31, 2005.



**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

For reporting purposes, the Township considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Township with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Township totaled \$201,106 and \$106,211 for the years ended December 31, 2006 and 2005, respectively.

**E. PROPERTY, PLANT AND EQUIPMENT**

Capital assets are not capitalized in any of the Township's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded by the Township.

**F. 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.

**G. INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Township's cash basis method of accounting.

**I. INTERFUND TRANSACTIONS**

During the course of normal operations, the Township had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers.

**H. TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

The Township maintains a cash and investment pool used by all funds except the non-expendable trust fund which is maintained in a segregated bank account. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2006</u>	<u>2005</u>
Deposits: Demand deposits	\$ 992,658	\$ 1,213,326
Total Deposits	<u>992,658</u>	<u>1,213,326</u>
Investments: U.S. Treasury Notes	<u>3,990,627</u>	<u>3,940,011</u>
Total investments	<u>3,990,627</u>	<u>3,940,011</u>
 Total deposits and investments	 <u>\$ 4,983,285</u>	 <u>\$ 5,153,337</u>

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

*Investments:* U.S. Treasury 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. The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

**NOTE 4 - INTERFUND TRANSACTIONS**

The Township had the following interfund transactions for the years ended December 31, 2006 and 2005:

<u>Fund Type/Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>2006:</u>		
General Fund	\$ <u>          -</u>	\$ <u>  150,000</u>
<u>Special Revenue Fund:</u>		
Road and Bridge	<u>  150,000</u>	<u>                  -</u>
Total Special Revenue	<u>  150,000</u>	<u>                  -</u>
Total	<u>\$  150,000</u>	<u>\$  150,000</u>

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 4 - INTERFUND TRANSACTIONS - (Continued)**

<u>Fund Type/Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>2005:</u>		
General Fund	\$ -	\$ 300,000
<u>Special Revenue Funds:</u>		
Road and Bridge	100,000	-
Police District	200,000	-
Total Special Revenue Funds	300,000	-
Total	\$ 300,000	\$ 300,000

The transfers for the years ended December 31, 2006 and 2005 were made in accordance with the Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**NOTE 5 - PROPERTY TAX**

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

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

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

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

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 6 - DEBT OBLIGATION**

During the years ended December 31, 2006 and 2005, the Township levied tax monies to be remitted to the City of Westerville as the Township's portion of the fire station improvements. The Township receives tax monies which are then remitted to the City of Westerville as principal and interest payments recorded in the Debt Service Fund. At December 31, 2006 and 2005, the Township's debt obligation consisted of the following issuance:

<u>Description</u>	Balance at 12/31/06	Balance at 12/31/05
City of Westerville, Ohio for fire station construction, due in semi-annual installments of varying amounts through 2022, bearing interest at 5.50%.	\$ 377,400	\$ 393,600

Transactions for the years ended December 31, 2006 and 2005 are summarized as follows:

	Balance 01/01/06	Proceeds	Retirements	Balance at 12/31/06
City of Westerville	\$ 393,600	\$ -	\$ (16,200)	\$ 377,400
	Balance 01/01/05	Proceeds	Retirements	Balance at 12/31/05
City of Westerville	\$ 409,300	\$ -	\$ (15,700)	\$ 393,600

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 6 - DEBT OBLIGATION - (Continued)**

The principal and interest requirements to retire the debt obligation outstanding at December 31, 2006, is as follows:

Year Ending December 31,	City of Westerville	
	Principal	Interest
2007	\$ 16,800	\$ 15,237
2008	16,800	14,851
2009	17,300	14,363
2010	17,900	13,872
2011	18,400	13,242
2012 - 2016	103,500	55,235
2017 - 2021	127,200	31,543
2022	59,500	4,175
Totals	\$ 377,400	\$ 162,518

**NOTE 7 - RETIREMENT SYSTEM**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2006 and 2005, members of OPERS participants contributed 9.0% and 8.5% of their wages, respectively. For 2006 and 2005 the Township contributed an amount equal to 13.70% and 13.55% of their wages to OPERS, respectively. The Township has paid all contributions required through December 31, 2006 and 2005.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 8 - 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. 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.

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 8 - RISK MANAGEMENT - (Continued)**

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	(11,443,952)	(12,344,576)
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>

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

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 8 - RISK MANAGEMENT - (Continued)**

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 \$63,000. 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.

<b><u>Contributions to OTARMA</u></b>	
2004	\$34,461
2005	\$29,329
2006	\$31,439

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.

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



**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**NOTE 9 - OTHER SOURCES**

Other sources in the general fund and special revenue fund type for the years ended December 31, 2006 and 2005 consist primarily of refunds and reimbursements and sale of lots and mausoleum sales.

**NOTE 10 - CONTINGENT LIABILITIES**

The Township is not currently involved in litigation.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**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***

Blendon Township  
Franklin County  
6330 Hempstead Road  
Westerville, Ohio 43081

We have audited the financial statements of Blendon Township as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 21, 2007, wherein we noted Blendon 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 Blendon Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Blendon Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Blendon Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Blendon 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 a misstatement of Blendon Township's financial statements that is more than inconsequential will not be prevented or detected by Blendon Township's internal control.

Board of Trustees  
Blendon Township

We consider 2006-BT-001, the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Blendon Township's internal control.

Our consideration of 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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

#### Compliance and Other Matters

As part of reasonably assuring whether Blendon 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Blendon Township in a separate letter dated June 21, 2007.

Blendon Township's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Blendon Township's response, and, accordingly, we express no opinion on it.

This report is intended for the information of the Trustees and management of Blendon Township, and is not intended to be and should not be used by anyone other than those specified.



Julian & Grube, Inc.  
June 21, 2007

**BLENDON TOWNSHIP  
FRANKLIN COUNTY, OHIO  
DECEMBER 31, 2006 AND 2005**

**SCHEDULE OF FINDINGS AND RESPONSES**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2006-BT-001

In May of 2006, the American Institute of Certified Public Accountants (AICPA), the national professional organization for certified public accounts, issued its Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters Identified in an Audit*. This standard became effective for audits of financial statements for periods ending on or after December 15, 2006.

The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 112 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client’s internal control over financial reporting. This new standard requires the audit to report *in writing* to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses.

There were audit adjustments that were necessary to record to correct misstatements in the Township’s reporting process. A description of the adjustment follows:

The Township currently maintains a Special Revenue - Miscellaneous Fund to account for Senior Center activities. There are instances where the General Fund pays for items and is reimbursed by the Senior Center. The Senior Center has accumulated the funds for the reimbursement through activities and fundraisers. The Township records a transfer for such reimbursements from the Special Revenue – Miscellaneous fund to the General fund. An audit adjustment of \$94,342 and \$40,658 was required to properly report reimbursements as expenditures versus transfers for the years ended December 31, 2006 and 2005, respectively.

It is important that control procedures are developed related to drafting financial statements and footnotes that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. In addition, management should not rely on its auditors to perform this control procedure as auditors must remain independent.

We recommend the Township implement control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. We further recommend the Township research the accounting method and procedures used to account for Senior Center activities and fundraisers.

*Client Response:* The Township will consider recording the specific expenditures in the applicable fund versus paying the expenditure out of the General fund and receive reimbursement from other funds. Further, the Township will contact Local Government Services for guidance regarding the proper accounting of the Senior Center receipts.



**Mary Taylor, CPA**  
Auditor of State

**BLENDON TOWNSHIP**

**FRANKLIN 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  
OCTOBER 9, 2007**