



Dave Yost • Auditor of State

**DELAWARE TOWNSHIP
DELAWARE COUNTY**

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Dave Yost • Auditor of State

Delaware Township
Delaware County
2590 Liberty Road
Delaware, Ohio 43015

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Township to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Robert R. Hinkle".

Robert R. Hinkle, CPA, CGFM
Chief Deputy Auditor

September 19, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Delaware Township
Delaware County
2590 Liberty Road
Delaware, Ohio 43015

To the Board of Trustees:

We have audited the accompanying financial statements of Delaware Township, Delaware County, Ohio, (the Township) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of Delaware Township, Delaware County, Ohio and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 Delaware Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2012, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Robert R. Hinkle, CPA, CGFM
Chief Deputy Auditor

September 19, 2012

**DELAWARE TOWNSHIP
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$ 129,376	\$ 56,279	\$ -	\$ -	\$ 185,655
License, Permits, and Fees	21,249	850	-	-	22,099
Intergovernmental	44,299	105,971	-	6	150,276
Earnings on Investments	2,051	523	-	17	2,591
Miscellaneous	6,894	-	-	-	6,894
Total Cash Receipts	203,869	163,623	-	23	367,515
Cash Disbursements:					
Current:					
General Government	153,277	-	-	-	153,277
Public Works	-	158,365	-	-	158,365
Conservation - Recreation	16,981	-	-	-	16,981
Debt Service:					
Principal Retirement	-	-	17,528	-	17,528
Total Cash Disbursements	170,258	158,365	17,528	-	346,151
Total Receipts Over/(Under) Disbursements	33,611	5,258	(17,528)	23	21,364
Other Financing Receipts / (Disbursements):					
Transfers-In	-	-	17,528	-	17,528
Transfers-Out	(17,528)	-	-	-	(17,528)
Total Other Financing Receipts / (Disbursements)	(17,528)	-	17,528	-	-
Net Change in Fund Cash Balances	16,083	5,258	-	23	21,364
Fund Cash Balances, January 1	595,826	294,060	-	9,383	899,269
Fund Cash Balances, December 31					
Restricted	-	298,418	-	9,406	307,824
Committed	-	900	-	-	900
Assigned	605,046	-	-	-	605,046
Unassigned (Deficit)	6,863	-	-	-	6,863
Fund Cash Balances, December 31	\$ 611,909	\$ 299,318	\$ -	\$ 9,406	\$ 920,633

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

**DELAWARE TOWNSHIP
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 129,010	\$ 53,319	\$ -	\$ -	\$ 182,329
Licenses, Permits, and Fees	23,462	-	-	-	23,462
Intergovernmental	82,717	112,047	-	-	194,764
Earnings on Investments	3,176	741	-	7	3,924
Miscellaneous	2,516	-	-	-	2,516
Total Cash Receipts	<u>240,881</u>	<u>166,107</u>	<u>-</u>	<u>7</u>	<u>406,995</u>
Cash Disbursements:					
Current:					
General Government	187,462	-	-	-	187,462
Public Works	-	113,805	-	-	113,805
Conservation - Recreation	40,255	-	-	-	40,255
Debt Service:					
Redemption of Principal	-	-	8,764	-	8,764
Total Cash Disbursements	<u>227,717</u>	<u>113,805</u>	<u>8,764</u>	<u>-</u>	<u>350,286</u>
Total Receipts Over/(Under) Disbursements	<u>13,164</u>	<u>52,302</u>	<u>(8,764)</u>	<u>7</u>	<u>56,709</u>
Other Financing Disbursements:					
Other Financing Uses	(143)	-	-	-	(143)
Total Other Financing Disbursements	<u>(143)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(143)</u>
Excess of Cash Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	13,021	52,302	(8,764)	7	56,566
Fund Cash Balances, January 1	582,805	241,758	8,764	9,376	842,703
Fund Cash Balances, December 31	<u>\$ 595,826</u>	<u>\$ 294,060</u>	<u>\$ -</u>	<u>\$ 9,383</u>	<u>\$ 899,269</u>
Reserve for Encumbrances, December 31	\$ 500	\$ 11,699	\$ -	\$ -	\$ 12,199

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

**DELAWARE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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 Delaware Township, Delaware County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and parks and recreation maintenance. The Township contracts with the Tri Township Joint Fire District to provide fire services and the Delaware County Emergency Medical Services to provide ambulance services.

The Township participates in one jointly governed organization and the Ohio Plan Risk Management, Inc (the Plan) public entity risk pool. Notes 7 and 8 to the financial statements provides additional information for these entities.

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. Deposits 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.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

**DELAWARE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

3. Debt Service Funds

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

Note Payable: Bunty Station Road – Money is transferred from other permissible funds and the debt associated with the Bunty Station Road project is paid.

4. Capital Project Funds

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

Park Improvement Fund – This fund received restricted intergovernmental receipts to use for a park construction project which was completed in 2000.

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 object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**DELAWARE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance

For December 31, 2011, 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.

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 expenditures 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 expenditures 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.

**DELAWARE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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. Equity in Pooled Deposits

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

	2011	2010
Demand deposits	\$797,897	\$776,774
Certificates of deposit	122,736	122,495
Total deposits	\$920,633	\$899,269

Deposits: Deposits are 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, 2011 and December 31, 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$194,762	\$203,869	\$9,107
Special Revenue	150,549	163,623	13,074
Debt Service	0	17,528	17,528
Capital Projects	0	23	23
Total	\$345,311	\$385,043	\$39,732

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$502,154	\$188,228	\$313,926
Special Revenue	220,899	210,924	9,975
Debt Service	17,528	17,528	0
Capital Projects	0	0	0
Total	\$740,581	\$416,680	\$323,901

**DELAWARE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$193,591	\$240,881	\$47,290
Special Revenue	150,560	166,107	15,547
Debt Service	0	0	0
Capital Projects	0	7	7
Total	\$344,151	\$406,995	\$62,844

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$543,504	\$228,360	\$315,144
Special Revenue	199,900	125,504	74,396
Debt Service	8,764	8,764	0
Capital Projects	0	0	0
Total	\$752,168	\$362,628	\$389,540

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 February 10. If the property owner elects to pay semiannually, the first half is due February 10. The second half payment is due the following July 10.

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.

5. Debt

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$297,968	0%

The Township received an interest free loan from the Ohio Public Works Commission for the Bunty Station Road project for road and bridge maintenance. This was a joint project between Liberty, Concord and Delaware Townships.

**DELAWARE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. Debt (Continued)

Amortization of the above debt is scheduled as follows:

2012	\$17,528
2013	17,528
2014	17,528
2015	17,528
2016	17,528
2017-2021	87,638
2022-2026	87,638
2027-2028	35,052
Total	<u>\$297,968</u>

6. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% of their gross salaries. The Township contributed the member portion in addition to the employer portion of 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

7. Risk Management

The Ohio Plan Risk Management, Inc (the Plan) was formed on January 1, 2009 through an internal reorganization. Prior to 2009, the OPRM's financial information which related to the property and casualty line of business was included in a separate entity, the Ohio Government Risk

Management Plan ("Ohio Plan"). Also included in the Ohio Plan was an additional line of business for a health product. The Plan was formed to separately manager the property and casualty property from the health product. Because this was simply an internal reorganization, the historical cost basis has been maintained by the OPRM.

The Plan, as the former Ohio Government Risk Management Plan (the "Ohio Plan"), was organized in June 1988, as authorized by Section 2744.081 of the Ohio Revised Code. The Ohio Plan was an unincorporated non-profit association of its members. Effective January 1, 2009, the OPRM incorporated to act as an instrumentality for each member for the sole purpose of enabling members of the Plan to provide for formalized, jointly administered self-insurance programs to maintain adequate self-insurance protection, risk management programs, and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a legally separate entity for the public purpose of enabling its members to obtain self-insurance through a jointly administered self-insurance fund. Members of the Plan are political subdivisions such as townships, village, cities, and others in the State of Ohio which are eligible to practice under applicable statute, ruling or law subject to certain underwriting standards as deemed appropriation by the Plan and its administrator. The Plan is governed by a Board of Directors comprised of appointed and elected representatives of public entities that participate in the program.

**DELAWARE TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. Risk Management (Continued)

The Plan was first established to provide property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. The OPRM has agreed to pay judgments, settlements and other expenses resulting from claims arising related to the property and casualty coverages provided, in excess of the member’s deductible. OPRM had 782 members as of December 31, 2011. The Township participates in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Plan’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010:.

	2011	2010
Assets	\$12,501,280	\$12,036,541
Liabilities	<u>(5,328,761)</u>	<u>(4,845,056)</u>
Members’ Equity	<u>\$7,172,519</u>	<u>\$7,191,485</u>

You can read the complete audited financial statements for The Ohio Plan Risk Management, Inc at the Plan’s website, www.ohioplan.org.

8. Jointly Governed Organization

The Township is a member of Tri Township Joint Fire District which provides fire protection and rescue services. The Tri Township Joint Fire District consists of a three-member Board of Trustees that governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Brown Township, Delaware Township and Troy Township.

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Dave Yost • Auditor of State

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

Delaware Township
Delaware County
2590 Liberty Road
Delaware, Ohio 43015

To the Board of Trustees:

We have audited the financial statements of Delaware Township, Delaware County, Ohio, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated September 19, 2012 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. In addition we noted the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 19, 2012.

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



Robert R. Hinkle, CPA, CGFM
Chief Deputy Auditor

September 19, 2012

**DELAWARE TOWNSHIP
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Finding for Recovery – Material Noncompliance	Yes	N/A
2009-002	Finding for Recovery – Material Noncompliance	Yes	N/A
2009-003	Township's Personnel Policy Manual	Yes	N/A
2009-004	Material Noncompliance- Ohio Revised Code 149.351 – maintaining supporting documentation and misuse of Township credit card	Yes	N/A
2009-005	Significant Deficiency – Board approved monthly expenditures	Yes	N/A
2009-006	Material Weakness – Sound Financial Reporting	No	Partially corrected – Repeated as a management letter comment.

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Dave Yost • Auditor of State

DELAWARE TOWNSHIP

DELAWARE 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 18, 2012**