

THOMPSON TOWNSHIP
DELAWARE COUNTY, OHIO

Financial Statements
December 31, 2006 and 2005

Wolf, Rogers, Dickey & Co.
Certified Public Accountants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Thompson Township
4373 State Route 257 North
Radnor, Ohio 43066

We have reviewed the *Independent Auditors' Report* of Thompson Township, Delaware County, prepared by Wolf, Rogers, Dickey & Co., 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 Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Thompson 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

June 29, 2007

This Page is Intentionally Left Blank.

Thompson Township
Delaware County, Ohio

For the Years Ended
December 31, 2006 and 2005

Table of Contents

Independent Auditors' Report	1-2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types – For the Year Ended December 31, 2005	4
Notes to the Financial Statements	5-9
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and other Matters, Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10-11
Schedule of Findings and Responses	12

This Page is Intentionally Left Blank.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants
38 South Franklin Street
P. O. Box 352
Delaware, Ohio 43015-0352

Telephone: 740-362-9031
Fax: 740-363-7799

Independent Auditors' Report

Thompson Township
Delaware County, Ohio

To the Board of Trustees:

We have audited the accompanying financial statements of Thompson Township, Delaware County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that 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 of Ohio 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 the 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 larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this 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 of Ohio 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 the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2006 and 2005, or their changes in financial position for the years then ended.

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

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, 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* and should be read in conjunction with this report in considering the results of our audit.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

May 14, 2007

Thompson Township
Delaware County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental and Fiduciary Fund Types
For the Year Ended December 31, 2006

	<u>Governmental</u> <u>Fund Types</u>		<u>Fiduciary</u> <u>Fund Types</u>	Totals
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Nonexpendable</u> <u>Trust</u>	(Memorandum Only)
Cash receipts:				
Local taxes	\$ 27,529	-	-	27,529
Intergovernmental	39,114	96,537	-	135,651
Licenses, permits and fees	-	1,300	-	1,300
Earnings on investments	2,014	10,397	8	12,419
Other revenue	<u>399</u>	<u>725</u>	<u>-</u>	<u>1,124</u>
Total cash receipts	<u>69,056</u>	<u>108,959</u>	<u>8</u>	<u>178,023</u>
Cash disbursements:				
Current:				
General government	64,477	-	-	64,477
Public safety	18,533	-	-	18,533
Public works	-	81,396	-	81,396
Health	5,314	3,100	-	8,414
Capital outlay	<u>-</u>	<u>1,150</u>	<u>-</u>	<u>1,150</u>
Total cash disbursements	<u>88,324</u>	<u>85,646</u>	<u>-</u>	<u>173,970</u>
Total receipts over (under) disbursements	(19,268)	23,313	8	4,053
Fund cash balances, January 1	<u>52,936</u>	<u>201,037</u>	<u>1,570</u>	<u>255,543</u>
Fund cash balances, December 31	\$ <u>33,668</u>	<u>224,350</u>	<u>1,578</u>	<u>259,596</u>
Reserve for encumbrances	\$ <u>1,415</u>	<u>-</u>	<u>-</u>	<u>1,415</u>

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

Thompson Township
Delaware County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental and Fiduciary Fund Types
For the Year Ended December 31, 2005

	<u>Governmental</u> <u>Fund Types</u>		<u>Fiduciary</u> <u>Fund Types</u>	Totals
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Nonexpendable</u> <u>Trust</u>	(Memorandum Only)
Cash receipts:				
Local taxes	\$ 26,104	-	-	26,104
Intergovernmental	40,957	87,343	-	128,300
Licenses, permits and fees	-	1,000	-	1,000
Earnings on investments	2,004	5,518	8	7,530
Other revenue	<u>347</u>	<u>2,734</u>	<u>-</u>	<u>3,081</u>
Total cash receipts	<u>69,412</u>	<u>96,595</u>	<u>8</u>	<u>166,015</u>
Cash disbursements:				
Current:				
General government	67,582	-	-	67,582
Public safety	14,610	-	-	14,610
Public works	-	52,270	-	52,270
Health	7,162	-	-	7,162
Capital outlay	<u>-</u>	<u>1,475</u>	<u>-</u>	<u>1,475</u>
Total cash disbursements	<u>89,354</u>	<u>53,745</u>	<u>-</u>	<u>143,099</u>
Total receipts over (under) disbursements	(19,942)	42,850	8	22,916
Fund cash balances, January 1	<u>72,878</u>	<u>158,187</u>	<u>1,562</u>	<u>232,627</u>
Fund cash balances, December 31	\$ <u>52,936</u>	<u>201,037</u>	<u>1,570</u>	<u>255,543</u>
Reserve for encumbrances	\$ <u>4,076</u>	<u>8,403</u>	<u>-</u>	<u>12,479</u>

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

Thompson Township
Delaware County, Ohio
Notes to the Financial Statements
December 31, 2006 and 2005

(1) Summary of Significant Accounting Policies

Description of the Entity

Thompson Township, Delaware 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 road and bridge maintenance and cemetery maintenance. The Township contracts with the Radnor Township and Battle Run Joint Fire District for fire and ambulance services.

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

Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, 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 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 of Ohio.

Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively. STAR Ohio is recorded at share values by the State of Ohio.

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:

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.

Thompson Township
Delaware County, Ohio
Notes to the Financial Statements, continued
December 31, 2006 and 2005

(1) Summary of Significant Accounting Policies, continued

Fund Accounting, continued

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 Fund:

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

Fiduciary Funds (Trust Fund)

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

Fryman and Russell Cemetery Bequest Funds (Nonexpendable Trust) - These funds received restricted donations. Interest earned may be used to maintain graves in the cemetery.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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. Appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 2005 and 2006 budgetary activity appears in Note 3.

Thompson Township
 Delaware County, Ohio
 Notes to the Financial Statements, continued
 December 31, 2006 and 2005

(1) Summary of Significant Accounting Policies, continued

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.

(2) Equity in Pooled Cash and Investments

The Township maintains a cash and investment pool used by all funds. 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>
Demand deposits	\$ 102,680	86,091
Investment in STAR – Ohio	155,336	167,881
Investments in savings accounts	1,580	1,571
Total deposits and investments	\$ 259,596	255,543

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

(3) Budgetary Activity

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

<u>Fund Type</u>	<u>2006 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 77,606	69,056	(8,550)
Special Revenue	94,716	108,959	14,243
Nonexpendable Trust	39	8	(31)
Total	\$ 172,361	178,023	5,662

<u>Fund Type</u>	<u>2006 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 130,150	88,324	41,826
Special Revenue	131,900	85,646	46,254
Nonexpendable Trust	1,100	-	1,100
Total	\$ 263,150	173,970	89,180

Thompson Township
Delaware County, Ohio
Notes to the Financial Statements, continued
December 31, 2006 and 2005

(3) Budgetary Activity, continued

<u>Fund Type</u>	<u>2005 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 80,042	69,412	(10,630)
Special Revenue	85,374	96,595	11,221
Nonexpendable Trust	<u>38</u>	<u>8</u>	<u>(30)</u>
Total	\$ <u>165,454</u>	<u>166,015</u>	<u>561</u>

<u>Fund Type</u>	<u>2005 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 137,450	89,354	48,096
Special Revenue	98,800	53,745	45,055
Nonexpendable Trust	<u>1,300</u>	<u>-</u>	<u>1,300</u>
Total	\$ <u>237,550</u>	<u>143,099</u>	<u>94,451</u>

Budgetary expenditures exceeded appropriation authority in the FEMA Fund (Special Reserve Fund) by \$1,258 for 2005.

(4) Property Tax

Real property taxes become a lien on January 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.

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.

Thompson Township
 Delaware County, Ohio
 Notes to the Financial Statements, continued
 December 31, 2006 and 2005

(5) Retirement Systems

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including postretirement 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, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

(6) Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005 and 2006 the Township contracted with The Ohio Plan Government Risk Management, a risk sharing pool available to Ohio Townships. The Ohio Plan provides property and casualty coverage for its members. Member governments pay annual contributions to fund The Ohio Plan. The Ohio Plan pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by The Ohio Plan is as follows:

Legal Liability	\$1,000,000	Per Occurrence
Automobile Liability	\$1,000,000	Per Occurrence
Law Enforcement Operations	Excluded	Per Occurrence
Wrongful Acts	\$1,000,000	Per Occurrence
Property	\$ 278,451	Total Coverage
Boiler and Machinery	\$ 278,451	Limit

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

(7) Commitments

The Township is committed to a fire protection contract with the Battle Run Joint Fire District which commenced on January 1, 2006 and ends on December 31, 2008. Terms of the contract call for payments of \$10,000 annually for the duration of the contract.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants
38 South Franklin Street
P. O. Box 352
Delaware, Ohio 43015-0352

Telephone: 740-362-9031
Fax: 740-363-7799

**Independent Accountants' 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***

Thompson Township
Delaware County, Ohio

To the Board of Trustees:

We have audited the financial statements of Thompson Township, Delaware County, (the Township), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated May 14, 2007, wherein we noted the Township followed accounting practices the Auditor of State of Ohio 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 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 the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

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 the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. In a separate letter to Township's management dated May 14, 2007, we reported other matters involving internal controls over financial reporting we did not deem significant deficiencies.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items 2006-01.

We noted certain matters that we reported to management of the Township in a separate letter dated May 14, 2007.

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

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

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

May 14, 2007

Thompson Township
Delaware County, Ohio
Schedule of Findings and Responses
December 31, 2006 and 2005

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2006-01

Ohio Revised Code Section 5705.41(B) provides that no money is to be expended unless it has been appropriated. The 2005 appropriation measure did not include a \$2,000 appropriation from the FEMA special revenue fund that was entered into the Uniform Accounting Network. We did not note approval of an amended appropriation measure to include this amount, nor was this appropriation on file with the County auditor's office. In addition, \$1,258 was expended from this fund. Therefore, budgetary expenditures exceeded appropriations by \$1,258 in the FEMA special revenue fund for 2005.

Township Response

Thompson Township had not previously received FEMA funds and therefore, inadvertently neglected to perform the necessary budgetary procedures when the funds were received. The Township will make sure proper budgetary procedures are followed if such funds are received in the future.



Mary Taylor, CPA
Auditor of State

THOMPSON 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
JULY 12, 2007**