

KINGSTON TOWNSHIP
DELAWARE COUNTY, OHIO

Financial Statements
December 31, 2004 and 2003

Wolf, Rogers, Dickey & Co.
Certified Public Accountants



**Auditor of State
Betty Montgomery**

Board of Trustees
Kingston Township
7295 Blue Church Rd
Sunbury, Ohio 43074

We have reviewed the *Independent Auditors' Report* of Kingston Township, Delaware County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2003 through December 31, 2004. 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. Kingston Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

October 25, 2006

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Kingston Township
Delaware County, Ohio

For the Years Ended
December 31, 2004 and 2003

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Independent Auditors' Report

Kingston Township
Delaware County, Ohio

To the Board of Trustees:

We have audited the accompanying financial statements of Kingston Township, Delaware County, Ohio (the Township), as of and for the years ended December 31, 2004 and 2003. 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 year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 and 2003, the revisions require presenting entity-wide statements and also to present larger (i.e. major) funds separately for 2004. 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 new 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 year ended December 31, 2004 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, 2004, or their changes in financial position for the year 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 Kingston Township, Delaware County, Ohio as of December 31, 2004 and 2003, 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 year ended December 31, 2004. 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 June 23, 2006, 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

June 23, 2006

Kingston Township
Delaware County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2004

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary (Memorandum Fund Only)</u>	<u>Totals</u>
Cash receipts:						
Local taxes	\$ 95,919	-	-	-	-	95,919
Intergovernmental	90,767	82,246	-	20,000	-	193,013
Licenses, permits and fees	-	24,785	-	-	-	24,785
Earnings on investments	1,403	973	-	-	-	2,376
Other revenue	<u>1,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,325</u>
Total cash receipts	<u>189,414</u>	<u>108,004</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>317,418</u>
Cash disbursements:						
Current:						
General government	125,215	22,301	-	-	-	147,516
Public works	9,652	17,336	-	20,000	-	46,988
Health	13,274	1,600	-	-	-	14,874
Debt Service:						
Redemption of principal	-	-	44,718	-	-	44,718
Capital outlay	<u>-</u>	<u>5,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,815</u>
Total cash disbursements	<u>148,141</u>	<u>47,052</u>	<u>44,718</u>	<u>20,000</u>	<u>-</u>	<u>259,911</u>
Total receipts over (under) disbursements	41,273	60,952	(44,718)	-	-	57,507
Other financing receipts (disbursements):						
Transfers in	-	-	44,718	-	-	44,718
Transfers out	(44,718)	-	-	-	-	(44,718)
Other financing uses	<u>(317)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(317)</u>
Total other financing receipts (disbursements)	<u>(45,035)</u>	<u>-</u>	<u>44,718</u>	<u>-</u>	<u>-</u>	<u>(317)</u>
Total receipts over (under) disbursements	(3,762)	60,952	-	-	-	57,190
Fund cash balances, January 1	<u>115,699</u>	<u>52,323</u>	<u>-</u>	<u>2,541</u>	<u>17</u>	<u>170,580</u>
Fund cash balances, December 31	\$ <u>111,937</u>	<u>113,275</u>	<u>-</u>	<u>2,541</u>	<u>17</u>	<u>227,770</u>
Reserve for encumbrances	\$ <u>4,579</u>	<u>4,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,666</u>

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

Kingston Township
Delaware County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2003

	<u>General</u>	<u>Special Revenue</u>	<u>Debit Service</u>	<u>Capital Projects</u>	<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:						
Local taxes	\$ 92,170	-	-	-	-	92,170
Intergovernmental	70,730	68,780	-	226,422	-	365,932
Licenses, permits and fees	-	23,285	-	-	-	23,285
Earnings on investments	1,165	995	-	-	-	2,160
Other revenue	<u>1,513</u>	<u>25</u>	<u>-</u>	<u>31,650</u>	<u>-</u>	<u>33,188</u>
Total cash receipts	<u>165,578</u>	<u>93,085</u>	<u>-</u>	<u>258,072</u>	<u>-</u>	<u>516,735</u>
Cash disbursements:						
Current:						
General government	114,155	24,687	-	-	-	138,842
Public works	13,041	23,388	-	-	-	36,429
Health	8,431	-	-	-	-	8,431
Debt service:						
Redemption of principal	-	-	44,718	-	-	44,718
Capital outlay	<u>7,500</u>	<u>56,953</u>	<u>-</u>	<u>258,072</u>	<u>-</u>	<u>322,525</u>
Total cash disbursements	<u>143,127</u>	<u>105,028</u>	<u>44,718</u>	<u>258,072</u>	<u>-</u>	<u>550,945</u>
Total receipts over (under) disbursements	22,451	(11,943)	(44,718)	-	-	(34,210)
Other financing receipts (disbursements):						
Transfers out	(44,718)	-	-	-	-	(44,718)
Transfers in	<u>-</u>	<u>-</u>	<u>44,718</u>	<u>-</u>	<u>-</u>	<u>44,718</u>
Total other financing receipts (disbursements)	<u>(44,718)</u>	<u>-</u>	<u>44,718</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts over (under) disbursements	(22,267)	(11,943)	-	-	-	(34,210)
Fund cash balances, January 1	<u>137,966</u>	<u>64,266</u>	<u>-</u>	<u>2,541</u>	<u>17</u>	<u>204,790</u>
Fund cash balances, December 31	\$ <u>115,699</u>	<u>52,323</u>	<u>-</u>	<u>2,541</u>	<u>17</u>	<u>170,580</u>
Reserve for encumbrances	\$ <u>-</u>	<u>243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>243</u>

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

Kingston Township
Delaware County, Ohio
Notes to the Financial Statements
December 31, 2004 and 2003

(1) Summary of Significant Accounting Policies

Description of the Entity

Kingston 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, bridge and cemetery maintenance.

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. Certificates of deposit are valued at cost.

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.

Kingston Township
Delaware County, Ohio
Notes to the Financial Statements, continued
December 31, 2004 and 2003

(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 Funds:

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

Motor Vehicle License Tax Fund – This fund receives motor vehicle license tax for constructing, maintaining and repairing Township roads.

Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Note Retirement Fund – This fund receives money earmarked to retire the note payable to the Ohio Public Works Commission associated with the road repaving projects.

Capital Projects Fund

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

Public Works Projects – The Township received a loan from the Ohio Public Works Commission (OPWC) to widen and resurface Township roads.

Fiduciary Funds (Trust and Agency Funds)

This fund is used to account for resources for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Unclaimed Money Fund – This fund accounts for old outstanding uncashed checks.

Kingston Township
Delaware County, Ohio
Notes to the Financial Statements, continued
December 31, 2004 and 2003

(1) Summary of Significant Accounting Policies, continued

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. See Note 3 for expenditures that exceeded appropriations.

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. The Township did not submit its 2004 annual tax budget, 2003 certification of tax levies or 2004 amended certificate of estimated resources on a timely basis.

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 encumber all commitments required by Ohio law.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

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.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

(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:

Kingston Township
Delaware County, Ohio
Notes to the Financial Statements, continued
December 31, 2004 and 2003

(2) Equity in Pooled Cash and Investments, continued

	<u>2004</u>	<u>2003</u>
Demand deposits	\$ 109,608	31,199
STAR Ohio	<u>118,162</u>	<u>139,381</u>
 Total deposits and investments	 \$ <u>227,770</u>	 <u>170,580</u>

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool. The Township has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes.

(3) Budgetary Activity

Budgetary activity for the years ended December 31, 2004 and 2003 follows:

<u>Fund Type</u>	<u>2004 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 188,922	189,414	492
Special revenue	101,480	108,004	6,524
Debt service	44,718	44,718	-
Capital projects	26,778	20,000	(6,778)
Fiduciary	<u>25</u>	<u>-</u>	<u>(25)</u>
 Total	 \$ <u>361,923</u>	 <u>362,136</u>	 <u>213</u>

<u>Fund Type</u>	<u>2004 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 80,200	197,755	(117,555)
Special revenue	16,000	51,139	(35,139)
Debt service	-	44,718	(44,718)
Capital projects	-	20,000	(20,000)
Fiduciary	<u>-</u>	<u>-</u>	<u>-</u>
 Total	 \$ <u>96,200</u>	 <u>313,612</u>	 <u>(217,412)</u>

Kingston Township
 Delaware County, Ohio
 Notes to the Financial Statements, continued
 December 31, 2004 and 2003

(3) Budgetary Activity, continued

<u>Fund Type</u>	<u>2003 Budgeted vs. Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General	\$ 189,919	165,578	(24,341)
Special revenue	81,800	93,085	11,285
Debt service	-	44,718	44,718
Capital projects	284,850	258,072	(26,778)
Fiduciary	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>556,569</u>	<u>561,453</u>	<u>4,884</u>

<u>Fund Type</u>	<u>2003 Budgeted vs. Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General	\$ 190,251	187,845	2,406
Special revenue	127,300	105,271	22,029
Debt service	-	44,718	(44,718)
Capital projects	-	258,072	(258,072)
Fiduciary	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>317,551</u>	<u>595,906</u>	<u>(278,355)</u>

Budgetary expenditures exceeded appropriations by \$44,718 in the Debt Service Fund and \$258,072 in the Capital Projects Fund for 2003 and by \$117,555 in the General Fund, \$14,106 in the Gasoline Tax Fund, \$1,100 in the Cemetery Fund, \$19,901 in the Zoning Fund, \$920 in the Permissive Motor Vehicle License Tax Fund, \$44,718 in the Debt Service Fund and \$20,000 in the Capital Projects Fund for 2004.

(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.

Kingston Township
 Delaware County, Ohio
 Notes to the Financial Statements, continued
 December 31, 2004 and 2003

(4) Property Tax, continued

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

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.

(5) Retirement Systems

The Township's employees and elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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 2004 and 2003, PERS members contributed 8.5% of their gross salaries, while the Township contributed 13.55% of their gross salaries. The Township has paid all contributions required through December 31, 2004.

(6) Risk Management

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions

The Township also provides health insurance coverage to Township Trustees, the Clerk and other employees through a private carrier.

(7) Long-Term Debt

Debt outstanding at December 31, 2004 and 2003 was as follows:

	<u>2004</u>	<u>2003</u>
Ohio Public Works Commission, Kingston Repaving Project I, zero percent interest	\$ 104,788	130,984
Ohio Public Works Commission, Kingston Repaving Project II, zero percent interest	<u>74,084</u>	<u>92,605</u>
Total	\$ <u>178,872</u>	<u>223,589</u>

Both Ohio Public Works Commission loans were issued to finance improvements to the Township roads. The loans are collateralized by the Township's taxing authority.

Kingston Township
 Delaware County, Ohio
 Notes to the Financial Statements, continued
 December 31, 2004 and 2003

(7) Long-Term Debt, continued

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

	OPWC Kingston Repaving <u>Project I</u>	OPWC Kingston Repaving <u>Project II</u>
Year ending December 31:		
2005	\$ 26,197	18,521
2006	26,197	18,521
2007	26,197	18,521
2008	<u>26,197</u>	<u>18,521</u>
Total	\$ <u>104,788</u>	<u>74,084</u>

Wolf, Rogers, Dickey & Co.

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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 Government Auditing Standards

Kingston Township
Delaware County, Ohio

To the Board of Trustees:

We have audited the financial statements of Kingston Township, Delaware County, (the Township), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 23, 2006, 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted one matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and responses as item 2004-07.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness. In a separate letter to Township's management dated June 23, 2006, we reported other matters involving internal controls over financial reporting we did not deem reportable conditions.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2004-01 through 2004-06.

We noted certain matters that we reported to management of the Township in a separate letter dated June 23, 2006.

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

June 23, 2006

Kingston Township
Delaware County, Ohio
Schedule of Findings and Responses
December 31, 2004 and 2003

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

Finding Number 2004-01

ORC Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury when such contract or order is made. During our testing of non-payroll related cash disbursements we noted that for 33 of 43 disbursements tested for 2004 the purchase orders or blanket certificates were dated after the invoice date. The Township was not able to locate purchase orders or blanket certificates for 2003. As a result, we were not able to determine whether funds were encumbered prior to expenditure.

Finding Number 2004-02

Ohio Revised Code Section 5705.28 requires the adoption of an annual tax budget by July 15 for the next succeeding tax year. Although the county budget commission may waive the adoption of a tax budget, certain information must be submitted in the time prescribed by the commission to permit the commission to perform its duties under Section 5705.

The Township's budget information for the succeeding tax year was submitted December 31, 2003 for 2004. Although the tax budget requirement was waived by the county budget commission, the required substitute information was due on August 15, 2003.

Finding Number 2004-03

Ohio Revised Code Section 5705.34 requires the Township to pass a resolution to authorize the necessary tax levies and certify the levies to the County Auditor by October 1 for the next succeeding year.

The Township's certification of tax levies for the succeeding tax year was submitted on December 2, 2002 for 2003.

Finding Number 2004-04

Ohio Revised Code Section 5705.36 provides that on or about the first day of each fiscal year, the Township Clerk shall certify to the County Auditor the total amount from all sources available for expenditures from each fund set up in the tax budget, with any balances that may exist at the end of preceding year. It further provides that encumbered but unexpended funds from the previous year shall not be included as available. This is generally referred to as the "first amended" certificate of estimated resources and shall serve as the basis of the annual appropriation resolution.

The Township filed the first amended certificate of estimated resources for 2004 in October 2004 instead of at the beginning of the fiscal year as required.

Kingston Township
Delaware County, Ohio
Schedule of Findings and Responses
December 31, 2004 and 2003

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

Finding Number 2004-05

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue. Ohio Revised Code Section 5705.41(B) provides that no money is to be expended unless it has been appropriated.

For 2003, the appropriation measure exceeded estimated resources in the Permissive Motor Vehicle License Tax Fund by \$4,735. Neither the 2003 nor the 2004 appropriation measure was complete. The 2003 appropriation measure did not include the Debt Service or Capital Projects Funds, and the 2004 measure did not include the Permissive Motor Vehicle License Tax, Debt Service or Capital Projects Funds. The Township made expenditures from each of those funds in those years. Budgetary expenditures exceeded appropriation authority by \$117,555 in the General Fund, \$14,106 in the Gasoline Tax Fund, \$1,100 in the Cemetery Fund, \$19,901 in the Zoning Fund, \$920 in the Permissive Motor Vehicle License Tax Fund, \$44,718 in the Debt Service Fund and \$20,000 in the Capital Projects Fund in 2004. Budgetary expenditures exceeded appropriation authority by \$44,718 in the Debt Service Fund and \$258,072 in the Capital Projects Fund for 2003.

Finding Number 2004-06

Ohio Revised Code Sections 505.24 and 507.09, respectively, set forth compensation levels for Township Trustees and Township Clerks based upon the Township's budget. The budget, as used for purposes of determining the authorized compensation of the Trustees and Clerk, is based upon the official Certificate of Estimated Resources, and any amended official certificate, received from the County Budget Commission.

The Township's budget for 2004, as filed with the County Budget Commission, was within the \$250,001 to \$500,000 range. In this range, the Clerk was entitled to \$11,548 of compensation for 2004. The new Clerk received the correct monthly amount of compensation for the nine months in office based on the annual budget. The monthly rate paid to the former clerk exceeded the amount prescribed and did not agree to any Clerk salary amount authorized in the Ohio Revised Code for 2004, and resulted in an overpayment of \$69.

Finding Number 2004-07

Appropriation amounts entered into the Uniform Accounting Network exceeded the amount approved in the Annual Appropriation Measure for certain account numbers in 2004.

Entering incorrect appropriation information into the appropriation ledger could cause the Township to inadvertently expend more than has been appropriated from an amount. In addition, the Township could potentially expend more from a fund than is available.



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KINGSTON 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
NOVEMBER 9, 2006**