

KINGSTON 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
Kingston Township
9899 State Route 521
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, 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. Kingston 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

This Page is Intentionally Left Blank.

Kingston 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	5-11
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>	12-13
Schedule of Findings	14-15

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

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, 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 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 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 Kingston 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 June 1, 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

June 1, 2007

Kingston 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>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary (Memorandum Fund)</u>	<u>Totals (Only)</u>
Cash receipts:						
Local taxes	\$ 124,597	-	-	-	-	124,597
Intergovernmental	95,821	101,307	-	-	-	197,128
Licenses, permits and fees	-	117,210	-	-	-	117,210
Earnings on investments	3,866	3,482	-	-	-	7,348
Other revenue	<u>2,946</u>	<u>372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,318</u>
Total cash receipts	<u>227,230</u>	<u>222,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>449,601</u>
Cash disbursements:						
Current:						
General government	118,988	65,162	-	-	-	184,150
Public works	6,974	95,335	-	-	-	102,309
Health	6,390	97	-	-	-	6,487
Debt Service:						
Redemption of principal	<u>-</u>	<u>-</u>	<u>44,718</u>	<u>-</u>	<u>-</u>	<u>44,718</u>
Total cash disbursements	<u>132,352</u>	<u>160,594</u>	<u>44,718</u>	<u>-</u>	<u>-</u>	<u>337,664</u>
Total receipts over (under) disbursements	94,878	61,777	(44,718)	-	-	111,937
Other financing receipts (disbursements):						
Transfers in	-	-	44,718	-	-	44,718
Transfers out	<u>(44,718)</u>	<u>-</u>	<u>-</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	50,160	61,777	-	-	-	111,937
Fund cash balances, January 1	<u>120,255</u>	<u>114,726</u>	<u>-</u>	<u>2,541</u>	<u>17</u>	<u>237,539</u>
Fund cash balances, December 31	\$ <u>170,415</u>	<u>176,503</u>	<u>-</u>	<u>2,541</u>	<u>17</u>	<u>349,476</u>
Reserve for encumbrances	\$ <u>-</u>	<u>827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>827</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 and Fiduciary Fund Types
For the Year Ended December 31, 2005

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:						
Local taxes	\$ 100,766	-	-	-	-	100,766
Intergovernmental	89,264	91,754	-	-	-	181,018
Licenses, permits and fees	-	11,124	-	-	-	11,124
Earnings on investments	2,189	2,246	-	-	-	4,435
Other revenue	<u>2,872</u>	<u>280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,152</u>
Total cash receipts	<u>195,091</u>	<u>105,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,495</u>
Cash disbursements:						
Current:						
General government	121,661	17,518	-	-	-	139,179
Public works	14,166	84,685	-	-	-	98,851
Health	6,228	450	-	-	-	6,678
Debt service:						
Redemption of principal	-	-	44,718	-	-	44,718
Capital outlay	<u>-</u>	<u>1,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,300</u>
Total cash disbursements	<u>142,055</u>	<u>103,953</u>	<u>44,718</u>	<u>-</u>	<u>-</u>	<u>290,726</u>
Total receipts over (under) disbursements	53,036	1,451	(44,718)	-	-	9,769
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>1,451</u>	<u>44,718</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts over (under) disbursements	8,318	1,451	-	-	-	9,769
Fund cash balances, January 1	<u>111,937</u>	<u>113,275</u>	<u>-</u>	<u>2,541</u>	<u>17</u>	<u>227,770</u>
Fund cash balances, December 31	\$ <u>120,255</u>	<u>114,726</u>	<u>-</u>	<u>2,541</u>	<u>17</u>	<u>237,539</u>
Reserve for encumbrances	\$ <u>604</u>	<u>3,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,123</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, 2006 and 2005

(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. 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.

Kingston 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 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

This 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).

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, 2006 and 2005

(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.

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 2006 and 2005 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, 2006 and 2005

(2) Equity in Pooled Cash and Investments, continued

	<u>2006</u>	<u>2005</u>
Demand deposits	\$ 221,556	115,700
STAR Ohio	<u>127,920</u>	<u>121,839</u>
Total deposits and investments	\$ <u>349,476</u>	<u>237,539</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, 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	\$ 215,120	227,230	12,110
Special Revenue	155,450	222,371	66,921
Debt Service	<u>44,718</u>	<u>44,718</u>	<u>-</u>
Total	\$ <u>415,288</u>	<u>494,319</u>	<u>79,031</u>

<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	\$ 312,345	177,070	135,275
Special Revenue	263,067	161,421	101,646
Debt Service	<u>-</u>	<u>44,718</u>	<u>(44,718)</u>
Total	\$ <u>575,412</u>	<u>383,209</u>	<u>192,203</u>

Kingston 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</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$ 201,255	195,091	(6,164)
Special Revenue	96,687	105,404	8,717
Debt Service	44,718	44,718	-
Fiduciary	<u>25</u>	<u>-</u>	<u>(25)</u>
Total	\$ <u>342,685</u>	<u>345,213</u>	<u>2,528</u>

<u>Fund Type</u>	<u>2005 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation</u> <u>Authority</u>	<u>Budgetary</u> <u>Expenditures</u>	<u>Variance</u>
General	\$ 270,645	187,377	83,268
Special Revenue	235,094	107,472	127,622
Debt Service	44,718	44,718	-
Capital projects	<u>2,541</u>	<u>-</u>	<u>2,541</u>
Total	\$ <u>552,998</u>	<u>339,567</u>	<u>213,431</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriations by \$44,718 in the Debt Service Fund for 2006. Appropriations exceeded the final certificate of estimated resources in the Zoning and Permissive Motor Vehicle License Tax Funds in 2005 and in the Zoning Fund in 2006.

(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, 2006 and 2005

(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 2006 and 2005, PERS members contributed 9% and 8.5% of their gross salaries, respectively, while the Township contributed 13.7% and 13.55% of their gross salaries, respectively. The Township has paid all contributions required through December 31, 2006.

(6) Risk Management

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

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 obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

(6) Risk Management, continued

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004 (the latest information available):

	<u>2005</u>	<u>2004</u>
Assets	\$ 8,219,430	\$ 6,685,522
Liabilities	<u>(2,748,639)</u>	<u>(2,227,808)</u>
Members' equity	\$ <u>5,470,791</u>	\$ <u>4,457,714</u>

The complete audited financial statements for The Ohio Government Risk Management Plan are available at the Plan's website, www.ohioplan.org.

(7) Long-Term Debt

Debt outstanding at December 31, 2006 and 2005 was as follows:

	<u>2006</u>	<u>2005</u>
Ohio Public Works Commission, Kingston Repaving Project I, zero percent interest	\$ 52,394	78,591
Ohio Public Works Commission, Kingston Repaving Project II, zero percent interest	<u>37,042</u>	<u>55,563</u>
Total	\$ <u>89,436</u>	<u>134,154</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.

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:		
2007	\$ 26,197	18,521
2008	<u>26,197</u>	<u>18,521</u>
Total	\$ <u>52,394</u>	<u>37,042</u>

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 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, 2006 and 2005, and have issued our report thereon dated June 1, 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.

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 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 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 the Township's internal control will not prevent or detect a more than inconsequential financial statement misstatement. We consider item 2006-03 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

Internal Control Over Financial Reporting, continued

A material weakness is a significant deficiency, or combination of significant deficiencies, resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

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 material weaknesses. However, we believe that the significant deficiency described above is not a material weakness. In a separate letter to Township's management dated June 1, 2007, we reported other matters involving internal controls over financial reporting we did not deem significant deficiencies.

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 such an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2006-01 and 2006-02.

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated June 1, 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

Delaware, Ohio
June 1, 2007

Kingston Township
Delaware County, Ohio
Schedule of Findings
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 (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 9 of 28 disbursements tested for 2005 and 8 of 20 disbursements tested for 2006 the purchase orders or blanket certificates were dated after the invoice date.

Response by Township

Purchase orders are issued after the invoice dates. The Township only meets once per month and at times finds it necessary to make purchases prior to the next meeting date. Blanket certificates have not been used in the past but will be considered in the future. Every attempt will be made to issue purchase orders before the purchase to alleviate this problem.

Finding Number 2006-02

ORC 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 February 22, 2005 for 2005 and was not submitted for 2006.

Response by Township

An oversight was made on the filing of the Certification to the County Auditor for the tax levies. The necessary report will be made prior to the October 1st deadline.

Finding Number 2006-03

ORC 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 2005, the appropriation measure exceeded estimated resources in the Permissive Motor Vehicle License Tax Fund by \$2,000 and in the Zoning Fund by \$14,050. For 2006, the appropriation measure exceeded estimated resources in the Zoning Fund by \$1,422. The 2006 appropriation measure did not include the Debt Service Fund. The Township made expenditures from the Debt Service Fund and therefore, budgetary expenditures exceeded appropriation authority by \$44,718.

Kingston Township
Delaware County, Ohio
Schedule of Findings, continued
December 31, 2006 and 2005

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

Response by Township

An oversight on the necessary entries was made for the two bond payments that the Township has twice a year. In 2007 the appropriations for the two payments was made and funds transferred from the general fund to the bond funds.



Mary Taylor, CPA
Auditor of State

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
OCTOBER 9, 2007**