



Mary Taylor, CPA
Auditor of State

**THOMPSON TOWNSHIP
GEAUGA COUNTY**

TABLE OF CONTENTS

Title	Page
Independent Accountants' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements – Fiscal Year 2007:	
Statement of Net Assets – Cash Basis	11
Statement of Activities – Cash Basis	12
Fund Financial Statements – Fiscal Year 2007:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	14
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund	17
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Gasoline Tax Fund	18
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Road & Bridge Fund	19
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Police District Fund	20
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Special Levy Fire Fund	21
Government-wide Financial Statements – Fiscal Year 2006:	
Statement of Net Assets – Cash Basis	23
Statement of Activities – Cash Basis	24
Fund Financial Statements – Fiscal Year 2006:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds	25

**THOMPSON TOWNSHIP
GEAUGA COUNTY**

**TABLE OF CONTENTS
(Continued)**

Title	Page
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	26
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund	29
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Gasoline Tax Fund	30
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Road & Bridge Fund	31
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Police District Fund	32
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Special Levy Fire Fund	33
Notes to the Basic Financial Statements	35
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	49



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Thompson Township
Geauga County
P.O. Box 204
Thompson, Ohio 44086

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Thompson Township, Geauga County, Ohio (the Township), as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Thompson Township, Geauga County, Ohio, as of December 31, 2007 and December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road & Bridge, Police District, Special Fire Levy, Permanent Improvement, and FEMA Flood funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 29, 2008

THOMPSON TOWNSHIP
GEAUGA COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and December 31, 2006
Unaudited

This discussion and analysis of the financial performance of the Thompson Township, Geauga County, Ohio (the Township) provides an overall review of the Township's financial activities for the years ended December 31, 2007 and December 31, 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of Governmental Activities decreased \$61,440, or 13.9 percent. The decrease is due mainly to a decrease in the FEMA Flood Fund which expended monies for capital out in response to flood damage.

The Township's general receipts are primarily property and other local taxes and intergovernmental revenues. These receipts represent 69.3 and 24.1 percent respectively of the total general receipts. General receipts represent 81.4 percent of the total receipts in the Governmental Activities.

Key highlights for 2006 are as follows:

Net assets of Governmental Activities increased \$118,414 or 36.5 percent. The increase is due primarily to intergovernmental revenues received in the FEMA Flood Fund.

The Township's general receipts are primarily property and other local taxes and intergovernmental revenues. These receipts represent 68.0 and 22.6 percent respectively of the total general receipts. General receipts represent 40.4 percent of the total receipts in the Governmental Activities.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statements of net assets and statements of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

THOMPSON TOWNSHIP
GEAUGA COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and December 31, 2006
Unaudited
(Continued)

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statements of net assets and the statements of activities reflect how the Township did financially during 2007 and 2006, within the limitations of cash basis accounting. The statements of net assets present the cash balances of the governmental activities of the Township at year end. The statements of activities compare cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and other taxes.

In the statements of net assets and the statements of activities, we express the Township's activities as the following:

Governmental Activities. Currently, all of the Township's basic services are reported here, including police, fire, streets and parks. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are governmental funds.

Governmental Funds – Currently, all of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine

THOMPSON TOWNSHIP
 GEAUGA COUNTY
 Management's Discussion and Analysis
 For the Year Ended December 31, 2007 and December 31, 2006
 Unaudited
 (Continued)

whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General fund, Gasoline Tax fund, Road & Bridge fund, Police District fund, Special Levy Fire fund, Permanent Improvement fund, and FEMA Flood fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 and 2006 compared to 2005 on a cash basis.

(Table 1)
Net Assets

	Governmental Activities		
	2007	2006	2005
Assets			
Cash and Cash Equivalents	\$381,221	\$442,661	\$324,247
Total Assets	\$381,221	\$442,661	\$324,247
Net Assets			
Restricted for:			
Capital Projects	\$72,938	\$144,765	\$351
Debt Service	2,585	3,379	3,692
Other Purposes	249,257	245,496	252,473
Unrestricted	56,441	49,021	67,731
Total Net Assets	\$381,221	\$442,661	\$324,247

As mentioned previously, net assets of Governmental Activities decreased \$61,440, or 13.9 percent in 2007. The decrease is due mainly to a decrease in the FEMA Flood Fund which expended monies for capital out in response to flood damage. Also mentioned previously, net assets of Governmental Activities increased \$118,414 or 36.5 percent in 2006. The increase is due primarily to intergovernmental revenues received in the FEMA Flood Fund.

THOMPSON TOWNSHIP
 GEAUGA COUNTY
 Management's Discussion and Analysis
 For the Year Ended December 31, 2007 and December 31, 2006
 Unaudited
 (Continued)

Table 2 reflects the changes in net assets on a cash basis in 2007, 2006 and 2005 for Governmental Activities.

(Table 2)
Changes in Net Assets

	<u>2007</u>	<u>2006</u>	<u>Governmental Activities 2005</u>
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$8,379	\$9,322	\$15,802
Operating Grants and Special Assessments	126,649	128,339	53,489
Capital Grants and Special Assessments	0	774,107	88,650
Total Program Receipts	<u>135,028</u>	<u>911,768</u>	<u>157,941</u>
General Receipts:			
Property and Other Local Taxes	408,435	421,021	402,584
Grants and Entitlements Not Restricted to Specific Programs	141,938	139,904	201,560
Interest	26,411	13,575	5,417
Miscellaneous	12,690	44,483	20,061
Total General Receipts	<u>589,474</u>	<u>618,983</u>	<u>629,622</u>
Total Receipts	<u>724,502</u>	<u>1,530,751</u>	<u>787,563</u>
Disbursements:			
General Government	117,250	131,471	111,258
Public Safety	190,817	188,234	184,919
Public Works	266,042	225,271	219,856
Health	17,378	13,929	19,351
Conservation-Recreation	7,888	6,088	3,655
Capital Outlay	130,526	788,802	195,829
Principal Retirement	52,243	52,993	51,334
Interest and Fiscal Charges	3,798	5,549	7,207
Total Disbursements	<u>785,942</u>	<u>1,412,337</u>	<u>793,409</u>
Increase (Decrease) in Net Assets	(61,440)	118,414	(5,846)
Net Assets, January 1	<u>442,661</u>	<u>324,247</u>	<u>330,093</u>
Net Assets, December 31	<u>\$381,221</u>	<u>\$442,661</u>	<u>\$324,247</u>

Program receipts represent only 18.6 percent of total receipts in 2007 and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

Program receipts represent 59.6 percent of total receipts in 2006 and are primarily comprised of restricted intergovernmental receipts such as grants and motor vehicle license and gas tax money.

THOMPSON TOWNSHIP
GEAUGA COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and December 31, 2006
Unaudited
(Continued)

General receipts represent 81.4 percent of the Township's total receipts in 2007, and of this amount, 69.3 percent are property and other local taxes. State and federal grants and entitlements and interest make up 28.6 percent of the remaining balance of the Township's general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

General receipts represent 40.4 percent of the Township's total receipts in 2006, and of this amount, 68.0 percent are property and other local taxes. State and federal grants and entitlements and interest make up 24.8 percent of the remaining balance of the Township's general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of trustees, and the fiscal officer, zoning department, police and fire departments, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

Public Safety are the costs of police and fire protection; Health is the Cemetery; and Public Works is the cost of maintaining the roads and bridges.

Governmental Activities

If you look at the Statement of Activities on page 12 and 24, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Works and Capital Outlay, which account for 33.9 and 16.6 percent respectively of all governmental disbursements in 2007 and 16.0 and 55.9 percent respectively of all governmental disbursements in 2006. Public Safety and General Government also represent significant costs, about 24.3 and 14.9 percent respectively in 2007 and 13.3 and 9.3 percent respectively in 2006. The next three columns of the Statement, entitled Program Cash Receipts, identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net (Disbursements) Receipts and Changes in Net Assets column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

THOMPSON TOWNSHIP
 GEAUGA COUNTY
 Management's Discussion and Analysis
 For the Year Ended December 31, 2007 and December 31, 2006
 Unaudited
 (Continued)

(Table 3)

	Governmental Activities					
	Total Cost Of Services 2007	Net Cost of Services 2007	Total Cost Of Services 2006	Net Cost of Services 2006	Total Cost Of Services 2005	Net Cost of Services 2005
	General Government	\$117,250	\$117,250	\$131,471	\$131,471	\$111,258
Public Safety	190,817	189,844	188,234	15,045	184,919	79,861
Public Works	266,042	173,133	225,271	131,203	219,856	214,747
Health	17,378	12,528	13,929	8,054	19,351	8,051
Conservation-Recreation	7,888	7,888	6,088	6,088	3,655	3,655
Capital Outlay	130,526	130,526	788,802	186,945	195,829	195,829
Principal Retirement	52,243	15,947	52,993	16,214	51,334	14,860
Interest and Fiscal Charges	3,798	3,798	5,549	5,549	7,207	7,207
Total Expenses	\$785,942	\$650,914	\$1,412,337	\$500,569	\$793,409	\$635,468

The dependence upon property tax and other general receipts is apparent as over 82 percent of governmental activities in 2007 and are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts and other financing sources of \$724,502 and disbursements of \$785,942 in 2007. The greatest change within governmental funds occurred within the FEMA Flood Fund, where the balance decreased by \$71,827.

Total governmental funds had receipt and other financing sources of \$1,530,751 and disbursements of \$1,412,337 in 2006. The greatest change within the governmental funds occurred with the FEMA Flood Fund, where the balance increase by \$144,765.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

In 2007, final receipts were budgeted at \$146,546. Actual receipts were \$160,313, \$13,767 more than the final budgeted amount. Final disbursements were budgeted at \$195,150. Actual disbursements were \$152,893, \$42,257 less than the final budgeted amount.

In 2006, final receipts were budgeted at \$140,799. Actual receipts were \$157,873, \$17,074 more than the final budgeted amount. Final disbursements were budgeted at \$206,800. Actual disbursements were \$176,583, \$30,217 less than the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

The Township maintains a listing of its capital assets. These records are not required to be presented in the financial statements.

THOMPSON TOWNSHIP
GEAUGA COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and December 31, 2006
Unaudited
(Continued)

Debt

At December 31, 2007, the Township's outstanding debt included \$35,140 in road improvement bonds, \$57,580 Ohio Public Works Commission notes, and \$120,751 in a capital lease. For further information regarding the township's debt, refer to Note 9 to the basic financial statements.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. The Board of Trustees and Fiscal Officer review sources of revenue regularly and determine how to proceed with desired projects.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Rachel Kuehn, Fiscal Officer, Thompson Township, P.O. Box 204, Thompson, Ohio 44086.

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Thompson Township
Geauga County
Statement of Net Assets - Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$381,221</u>
<i>Total Assets</i>	<u><u>\$381,221</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$72,938
Debt Service	2,585
Other Purposes	249,257
Unrestricted	<u>56,441</u>
<i>Total Net Assets</i>	<u><u>\$381,221</u></u>

See accompanying notes to the basic financial statements

Thompson Township
Geauga County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Special Assessments	Capital Grants and Special Assessments	Governmental Activities
Governmental Activities					
General Government	\$117,250	\$0	\$0	\$0	(\$117,250)
Public Safety	190,817	973	0	0	(189,844)
Public Works	255,293	2,556	90,353	0	(162,384)
Health	17,378	4,850	0	0	(12,528)
Conservation-Recreation	7,888	0	0	0	(7,888)
Capital Outlay	130,526	0	0	0	(130,526)
Principal Retirement	59,992	0	36,296	0	(23,696)
Interest and Fiscal Charges	6,798	0	0	0	(6,798)
<i>Total Governmental Activities</i>	<u>\$785,942</u>	<u>\$8,379</u>	<u>\$126,649</u>	<u>\$0</u>	<u>(650,914)</u>
General Receipts					
Property Taxes Levied for:					
					68,360
					162,757
					80,528
					96,790
					141,938
					26,411
					12,690
					<u>589,474</u>
					(61,440)
					<u>442,661</u>
					<u>\$381,221</u>

See accompanying notes to the basic financial statements

Thompson Township
Geauga County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Special Levy Fire</u>	<u>FEMA Flood Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets								
Equity in Pooled Cash and Cash Equivalents	\$56,441	\$46,566	\$63,481	\$21,792	\$92,844	\$72,938	\$27,159	\$381,221
<i>Total Assets</i>	<u>\$56,441</u>	<u>\$46,566</u>	<u>\$63,481</u>	<u>\$21,792</u>	<u>\$92,844</u>	<u>\$72,938</u>	<u>\$27,159</u>	<u>\$381,221</u>
Fund Balances								
Unreserved:								
Undesignated, Reported in:								
General Fund	\$56,441	\$0	\$0	\$0	\$0	\$0	\$0	\$56,441
Special Revenue Funds	0	46,566	63,481	21,792	92,844	0	24,574	249,257
Debt Service Fund	0	0	0	0	0	0	2,585	2,585
Capital Projects Funds	0	0	0	0	0	72,938	0	72,938
<i>Total Fund Balances</i>	<u>\$56,441</u>	<u>\$46,566</u>	<u>\$63,481</u>	<u>\$21,792</u>	<u>\$92,844</u>	<u>\$72,938</u>	<u>\$27,159</u>	<u>\$381,221</u>

See accompanying notes to the basic financial statements

Thompson Township
Geauga County
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2007

Total Governmental Fund Balances	<u>\$381,221</u>
<i>Net Assets of Governmental Activities</i>	<u>\$381,221</u>

See accompanying notes to the basic financial statements

Thompson Township
Geauga County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Gasoline Tax	Road & Bridge	Police District	Special Levy Fire Fund	FEMA Flood Fund	Other Governmental Funds	Total Governmental Funds
Receipts								
Property and Other Local Taxes	\$68,360	\$0	\$162,757	\$80,528	\$96,790	\$0	\$0	\$408,435
Licenses, Permits and Fees	2,500	0	0	56	0	0	3,750	6,306
Fines and Forfeitures	0	0	0	973	0	0	0	973
Intergovernmental	67,783	88,980	29,383	16,019	18,818	0	9,935	230,918
Special Assessments	0	0	0	0	0	0	37,669	37,669
Interest	14,660	9,163	0	0	0	0	2,588	26,411
Other	7,010	0	1,850	1,030	1,800	0	1,000	12,690
<i>Total Receipts</i>	<u>160,313</u>	<u>98,143</u>	<u>193,990</u>	<u>98,606</u>	<u>117,408</u>	<u>0</u>	<u>54,942</u>	<u>723,402</u>
Disbursements								
Current:								
General Government	117,250	0	0	0	0	0	0	117,250
Public Safety	12,702	0	0	93,406	84,709	0	0	190,817
Public Works	0	93,876	147,565	0	0	0	13,852	255,293
Health	9,768	0	0	0	0	0	7,610	17,378
Conservation-Recreation	3,673	0	0	0	0	0	4,215	7,888
Capital Outlay	9,500	0	33,004	0	16,195	71,827	0	130,526
Debt Service:								
Principal Retirement	0	0	26,700	0	0	0	33,292	59,992
Interest and Fiscal Charges	0	0	3,000	0	0	0	3,798	6,798
<i>Total Disbursements</i>	<u>152,893</u>	<u>93,876</u>	<u>210,269</u>	<u>93,406</u>	<u>100,904</u>	<u>71,827</u>	<u>62,767</u>	<u>785,942</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>7,420</u>	<u>4,267</u>	<u>(16,279)</u>	<u>5,200</u>	<u>16,504</u>	<u>(71,827)</u>	<u>(7,825)</u>	<u>(62,540)</u>
Other Financing Sources (Uses)								
Sale of Cemetery Lots	0	0	0	0	0	0	1,100	1,100
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,100</u>	<u>1,100</u>
<i>Net Change in Fund Balances</i>	<u>7,420</u>	<u>4,267</u>	<u>(16,279)</u>	<u>5,200</u>	<u>16,504</u>	<u>(71,827)</u>	<u>(6,725)</u>	<u>(61,440)</u>
<i>Fund Balances Beginning of Year</i>	<u>49,021</u>	<u>42,299</u>	<u>79,760</u>	<u>16,592</u>	<u>76,340</u>	<u>144,765</u>	<u>33,884</u>	<u>442,661</u>
<i>Fund Balances End of Year</i>	<u>\$56,441</u>	<u>\$46,566</u>	<u>\$63,481</u>	<u>\$21,792</u>	<u>\$92,844</u>	<u>\$72,938</u>	<u>\$27,159</u>	<u>\$381,221</u>

See accompanying notes to the basic financial statements

Thompson Township
Geauga County
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2007*

Net Change in Fund Balances - Total Governmental Funds	<u>(\$61,440)</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>(\$61,440)</u>

See accompanying notes to the basic financial statements

Thompson Township
Geauga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$67,934	\$67,934	\$68,360	\$426
Licenses, Permits and Fees	3,000	3,000	2,500	(500)
Fines and Forfeitures	500	500	0	(500)
Intergovernmental	63,964	63,964	67,783	3,819
Interest	7,000	7,000	14,660	7,660
Other	4,148	4,148	7,010	2,862
<i>Total receipts</i>	<u>146,546</u>	<u>146,546</u>	<u>160,313</u>	<u>13,767</u>
Disbursements				
Current:				
General Government	95,850	147,000	117,250	29,750
Public Safety	4,200	17,350	12,702	4,648
Health	8,150	12,600	9,768	2,832
Conservation-Recreation	4,600	7,200	3,673	3,527
Capital Outlay	14,000	11,000	9,500	1,500
<i>Total Disbursements</i>	<u>126,800</u>	<u>195,150</u>	<u>152,893</u>	<u>42,257</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>19,746</u>	<u>(48,604)</u>	<u>7,420</u>	<u>56,024</u>
<i>Fund Balance Beginning of Year</i>	<u>49,021</u>	<u>49,021</u>	<u>49,021</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$68,767</u>	<u>\$417</u>	<u>\$56,441</u>	<u>\$56,024</u>

See accompanying notes to the basic financial statements

Thompson Township
Geauga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$66,100	\$66,100	\$88,980	\$22,880
Interest	0	0	9,163	9,163
<i>Total receipts</i>	<u>66,100</u>	<u>66,100</u>	<u>98,143</u>	<u>32,043</u>
Disbursements				
Current:				
Public Works	71,200	101,500	93,876	7,624
<i>Total Disbursements</i>	<u>71,200</u>	<u>101,500</u>	<u>93,876</u>	<u>7,624</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,100)</u>	<u>(35,400)</u>	<u>4,267</u>	<u>39,667</u>
<i>Fund Balance Beginning of Year</i>	<u>42,299</u>	<u>42,299</u>	<u>42,299</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$37,199</u>	<u>\$6,899</u>	<u>\$46,566</u>	<u>\$39,667</u>

See accompanying notes to the basic financial statements

Thompson Township
Geauga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road & Bridge Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$162,248	\$162,248	\$162,757	\$509
Intergovernmental	17,547	17,547	29,383	11,836
Other	1,500	1,500	1,850	350
<i>Total receipts</i>	181,295	181,295	193,990	12,695
Disbursements				
Current:				
Public Works	111,589	178,289	147,565	30,724
Capital Outlay	75,000	50,000	33,004	16,996
Debt Service:				
Principal Retirement	32,000	29,000	26,700	2,300
Interest and Fiscal Charges	3,000	3,000	3,000	0
<i>Total Disbursements</i>	221,589	260,289	210,269	50,020
<i>Excess of Receipts Over (Under) Disbursements</i>	(40,294)	(78,994)	(16,279)	62,715
<i>Fund Balance Beginning of Year</i>	79,760	79,760	79,760	0
<i>Fund Balance End of Year</i>	\$39,466	\$766	\$63,481	\$62,715

See accompanying notes to the basic financial statements

Thompson Township
Geauga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Police District Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$80,765	\$80,765	\$80,528	(\$237)
Licenses, Permits and Fees	0	0	56	56
Fines and Forfeitures	0	0	973	973
Intergovernmental	8,463	8,463	16,019	7,556
Other	100	100	1,030	930
<i>Total receipts</i>	<u>89,328</u>	<u>89,328</u>	<u>98,606</u>	<u>9,278</u>
Disbursements				
Current:				
Public Safety	93,100	105,050	93,406	11,644
<i>Total Disbursements</i>	<u>93,100</u>	<u>105,050</u>	<u>93,406</u>	<u>11,644</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,772)</u>	<u>(15,722)</u>	<u>5,200</u>	<u>20,922</u>
<i>Fund Balance Beginning of Year</i>	<u>16,592</u>	<u>16,592</u>	<u>16,592</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$12,820</u>	<u>\$870</u>	<u>\$21,792</u>	<u>\$20,922</u>

See accompanying notes to the basic financial statements

Thompson Township
Geauga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Special Levy Fire Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$97,040	\$97,040	\$96,790	(\$250)
Intergovernmental	10,087	10,087	18,818	8,731
Other	1,000	1,000	1,800	800
<i>Total receipts</i>	<u>108,127</u>	<u>108,127</u>	<u>117,408</u>	<u>9,281</u>
Disbursements				
Current:				
Public Safety	130,368	126,018	84,709	41,309
Capital Outlay	50,000	55,000	16,195	38,805
<i>Total Disbursements</i>	<u>180,368</u>	<u>181,018</u>	<u>100,904</u>	<u>80,114</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(72,241)</u>	<u>(72,891)</u>	<u>16,504</u>	<u>89,395</u>
<i>Fund Balance Beginning of Year</i>	<u>76,340</u>	<u>76,340</u>	<u>76,340</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,099</u></u>	<u><u>\$3,449</u></u>	<u><u>\$92,844</u></u>	<u><u>\$89,395</u></u>

See accompanying notes to the basic financial statements

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Thompson Township
Geauga County
Statement of Net Assets - Cash Basis
December 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$442,661
<i>Total Assets</i>	\$442,661
 Net Assets	
Restricted for:	
Capital Projects	\$144,765
Debt Service	3,379
Other Purposes	245,496
Unrestricted	49,021
<i>Total Net Assets</i>	\$442,661

See accompanying notes to the basic financial statements

Thompson Township
Geauga County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Gasoline Tax	Road and Bridge	Police District	Special Levy Fire	Permanent Improvement	FEMA Flood Fund	Other Governmental Funds	Total Governmental Funds
Assets									
Equity in Pooled Cash and Cash Equivalents	\$49,021	\$42,299	\$79,760	\$16,592	\$76,340	\$0	\$144,765	\$33,884	\$442,661
Total Assets	<u>\$49,021</u>	<u>\$42,299</u>	<u>\$79,760</u>	<u>\$16,592</u>	<u>\$76,340</u>	<u>\$0</u>	<u>\$144,765</u>	<u>\$33,884</u>	<u>\$442,661</u>
Fund Balances									
Unreserved:									
Undesignated, Reported in:									
General Fund	\$49,021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$49,021
Special Revenue Funds	0	42,299	79,760	16,592	76,340	0	0	30,505	245,496
Debt Service Fund	0	0	0	0	0	0	0	3,379	3,379
Capital Projects Funds	0	0	0	0	0	0	144,765	0	144,765
Total Fund Balances	<u>\$49,021</u>	<u>\$42,299</u>	<u>\$79,760</u>	<u>\$16,592</u>	<u>\$76,340</u>	<u>\$0</u>	<u>\$144,765</u>	<u>\$33,884</u>	<u>\$442,661</u>

See accompanying notes to the basic financial statements

Thompson Township
Geauga County
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2006

Total Governmental Fund Balances	<u>\$442,661</u>
<i>Net Assets of Governmental Activities</i>	<u>\$442,661</u>

See accompanying notes to the basic financial statements

Thompson Township
Geauga County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Gasoline Tax	Road & Bridge	Police District	Special Levy Fire Fund	Permanent Improvement	FEMA Flood Fund	Other Governmental Funds	Total Governmental Funds
Receipts									
Property and Other Local Taxes	\$69,911	\$0	\$167,502	\$83,376	\$100,232	\$0	\$0	\$0	\$421,021
Licenses, Permits and Fees	2,310	0	0	198	0	0	0	3,825	6,333
Fines and Forfeitures	0	0	0	939	0	0	0	0	939
Intergovernmental	67,817	90,204	25,140	13,438	196,009	395,045	206,812	9,750	1,004,215
Special Assessments	0	0	0	0	0	0	0	38,135	38,135
Interest	7,858	4,183	0	0	0	0	0	1,534	13,575
Other	9,977	0	76	0	5,655	0	0	0	15,708
Total Receipts	157,873	94,387	192,718	97,951	301,896	395,045	206,812	53,244	1,499,926
Disbursements									
Current:									
General Government	131,471	0	0	0	0	0	0	0	131,471
Public Safety	12,168	0	0	95,250	80,816	0	0	0	188,234
Public Works	0	85,937	132,324	0	0	0	0	7,010	225,271
Health	8,100	0	0	0	0	0	0	5,829	13,929
Conservation-Recreation	5,396	0	0	0	0	0	0	692	6,088
Capital Outlay	19,448	0	48,241	0	264,021	395,045	62,047	0	788,802
Debt Service:									
Principal Retirement	0	0	21,451	0	0	0	0	31,542	52,993
Interest and Fiscal Charges	0	0	0	0	0	0	0	5,549	5,549
Total Disbursements	176,583	85,937	202,016	95,250	344,837	395,045	62,047	50,622	1,412,337
Excess of Receipts Over (Under) Disbursements	(18,710)	8,450	(9,298)	2,701	(42,941)	0	144,765	2,622	87,589
Other Financing Sources (Uses)									
Insurance Proceeds	0	0	28,775	0	0	0	0	0	28,775
Sale of Cemetery Lots	0	0	0	0	0	0	0	2,050	2,050
Total Other Financing Sources (Uses)	0	0	28,775	0	0	0	0	2,050	30,825
Net Change in Fund Balances	(18,710)	8,450	19,477	2,701	(42,941)	0	144,765	4,672	118,414
Fund Balances Beginning of Year	67,731	33,849	60,283	13,891	119,281	0	0	29,212	324,247
Fund Balances End of Year	\$49,021	\$42,299	\$79,760	\$16,592	\$76,340	\$0	\$144,765	\$33,884	\$442,661

See accompanying notes to the basic financial statements

Thompson Township
Geauga County
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2006*

Net Change in Fund Balances - Total Governmental Funds	<u>\$118,414</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>\$118,414</u>

See accompanying notes to the basic financial statements

Thompson Township
Geauga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$66,943	\$66,943	\$69,911	\$2,968
Licenses, Permits and Fees	5,000	5,000	2,310	(2,690)
Fines and Forfeitures	500	500	0	(500)
Intergovernmental	63,356	63,356	67,817	4,461
Interest	4,000	4,000	7,858	3,858
Other	1,000	1,000	9,977	8,977
<i>Total receipts</i>	<u>140,799</u>	<u>140,799</u>	<u>157,873</u>	<u>17,074</u>
Disbursements				
Current:				
General Government	145,525	145,525	131,471	14,054
Public Safety	18,500	18,500	12,168	6,332
Health	11,600	11,600	8,100	3,500
Conservation-Recreation	6,750	6,750	5,396	1,354
Capital Outlay	24,425	24,425	19,448	4,977
<i>Total Disbursements</i>	<u>206,800</u>	<u>206,800</u>	<u>176,583</u>	<u>30,217</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(66,001)</u>	<u>(66,001)</u>	<u>(18,710)</u>	<u>47,291</u>
<i>Fund Balance Beginning of Year</i>	<u>67,731</u>	<u>67,731</u>	<u>67,731</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,730</u>	<u>\$1,730</u>	<u>\$49,021</u>	<u>\$47,291</u>

See accompanying notes to the basic financial statements

Thompson Township
Geauga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$56,900	\$56,900	\$90,204	\$33,304
Interest	0	0	4,183	4,183
<i>Total receipts</i>	56,900	56,900	94,387	37,487
Disbursements				
Current:				
Public Works	89,200	89,200	85,937	3,263
<i>Total Disbursements</i>	89,200	89,200	85,937	3,263
<i>Excess of Receipts Over (Under) Disbursements</i>	(32,300)	(32,300)	8,450	40,750
<i>Fund Balance Beginning of Year</i>	33,849	33,849	33,849	0
<i>Fund Balance End of Year</i>	\$1,549	\$1,549	\$42,299	\$40,750

See accompanying notes to the basic financial statements

Thompson Township
Geauga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road & Bridge Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$160,186	\$160,186	\$167,502	\$7,316
Intergovernmental	17,943	17,943	25,140	7,197
Other	0	0	76	76
<i>Total receipts</i>	178,129	178,129	192,718	14,589
Disbursements				
Current:				
Public Works	143,019	143,019	132,324	10,695
Capital Outlay	65,000	65,000	48,241	16,759
Debt Service:				
Principal Retirement	25,000	25,000	21,451	3,549
<i>Total Disbursements</i>	233,019	233,019	202,016	31,003
<i>Excess of Receipts Over (Under) Disbursements</i>	(54,890)	(54,890)	(9,298)	45,592
Other Financing Sources (Uses)				
Insurance Proceeds	29,500	29,500	28,775	(725)
<i>Total Other Financing Sources (Uses)</i>	29,500	29,500	28,775	(725)
<i>Net Change in Fund Balance</i>	(25,390)	(25,390)	19,477	44,867
<i>Fund Balance Beginning of Year</i>	60,283	60,283	60,283	0
<i>Fund Balance End of Year</i>	\$34,893	\$34,893	\$79,760	\$44,867

See accompanying notes to the basic financial statements

Thompson Township
Geauga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Police District Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$79,808	\$79,808	\$83,376	\$3,568
Licenses, Permits and Fees	0	0	198	198
Fines and Forfeitures			939	939
Intergovernmental	9,752	9,752	13,438	3,686
Other	100	100	0	(100)
<i>Total receipts</i>	<u>89,660</u>	<u>89,660</u>	<u>97,951</u>	<u>8,291</u>
Disbursements				
Current:				
Public Safety	103,250	103,250	95,250	8,000
<i>Total Disbursements</i>	<u>103,250</u>	<u>103,250</u>	<u>95,250</u>	<u>8,000</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(13,590)</u>	<u>(13,590)</u>	<u>2,701</u>	<u>16,291</u>
<i>Fund Balance Beginning of Year</i>	<u>13,891</u>	<u>13,891</u>	<u>13,891</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$301</u>	<u>\$301</u>	<u>\$16,592</u>	<u>\$16,291</u>

See accompanying notes to the basic financial statements

Thompson Township
Geauga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Special Levy Fire Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$95,824	\$95,824	\$100,232	\$4,408
Intergovernmental	183,965	183,965	196,009	12,044
Other	0	0	5,655	5,655
<i>Total receipts</i>	279,789	279,789	301,896	22,107
Disbursements				
Current:				
Public Safety	93,722	93,722	80,816	12,906
Capital Outlay	290,000	290,000	264,021	25,979
<i>Total Disbursements</i>	383,722	383,722	344,837	38,885
<i>Excess of Receipts Over (Under) Disbursements</i>	(103,933)	(103,933)	(42,941)	60,992
<i>Fund Balance Beginning of Year</i>	119,281	119,281	119,281	0
<i>Fund Balance End of Year</i>	\$15,348	\$15,348	\$76,340	\$60,992

See accompanying notes to the basic financial statements

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Thompson Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006

Note 1 – Reporting Entity

Thompson Township, Geauga County, Ohio (the Township) is a body politic and corporate established in 1801 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 also has an elected Township Fiscal Officer. The township provides road and bridge maintenance, cemetery maintenance, police protection services and fire protection and emergency medical services.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of township roads and bridges, maintenance of the town hall, parks and cemetery, police protection services and fire protection and emergency medical services.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

C. Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members.

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

Thompson Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash and investment balances, of the governmental activities of the Township at year-end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are classified as governmental.

Thompson Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road & Bridge Fund, Police District Fund, Special Levy Fire Fund, Permanent Improvement Fund, and the FEMA Flood Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Gasoline Tax Fund receives gasoline tax monies for the construction, maintenance and repair of Township roads. The Road & Bridge Fund receives real estate taxes, homestead and rollback funds, and personal property tax for the construction, maintenance and repair of Township roads. The Police District Fund receives real estate taxes, homestead and rollback funds, and personal property tax money for police services for the Township. The Special Levy Fire Fund receives real estate taxes, homestead and rollback funds, and personal property tax money for fire and emergency medical services for the Township. The FEMA Flood Fund was established due to the Flood of 2006 and receives grant money from the Federal Emergency Management Agency (FEMA) and Ohio Emergency Management Agency (OEMA).

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

Thompson Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

The Township had no investments at December 31, 2007. Funds are held in a business checking account. Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$14,660 which includes \$3,910 assigned from other Township funds. Interest receipts credited to the General Fund during 2006 was \$7,858 which includes \$1,503 assigned from other Township funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township has no restricted assets.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting. We do not have sick pay but will pay for vacation time that would be still available.

Thompson Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources for the Gasoline Tax Fund, Road & Bridge Fund, Police District Fund, and Special Levy Fire Fund, and are restricted for salaries, road maintenance, improvement, contracts and materials. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund, Gasoline Tax Fund, Road & Bridge Fund, Police District Fund, and Special Levy Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Thompson Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006
(Continued)

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Thompson Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006
(Continued)

Note 4 – Deposits and Investments (Continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. \$281,221 of the Township's bank balance of \$381,221 at December 31, 2007, and \$342,661 of the Township's bank balance of \$442,661 at December 31, 2006 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. Although the securities were held by pledging institution's trust department and all statutory requirements for the investment of money had been followed, non compliance with Federal requirements could potentially subject the Township to a successful claim by the FDIC.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes. Property tax receipts received in 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) is for 2006 taxes.

2007 real property taxes are levied after October 1, 2007 on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008. 2006 real property taxes are levied after October 1, 2006 on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien on December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes which became a lien on December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

Thompson Township
 Geauga County
 Notes to the Financial Statements
 For the Years Ended December 31, 2007 and December 31, 2006
 (Continued)

Note 5 – Property Taxes (Continued)

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. 2006 tangible property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the years ended December 31, 2007 and December 31, 2006, was \$12.50 per \$1,000 of assessed value.

The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	\$47,202,750
Public Utility Property	1,375,630
Tangible Personal Property	1,044,235
Total Assessed Values	\$49,622,615

The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$46,146,920
Public Utility Property	1,737,280
Tangible Personal Property	1,413,385
Total Assessed Values	\$49,297,585

Note 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 2007 and 2006, the Township contracted with O.T.A.R.M.A. for various types of insurance as follows:

Company	Type of Coverage	Amount of Coverage
O.T.A.R.M.A.	Commercial Property	\$1,333,207
	General Liability	2,000,000
	Inland Marine	329,788
	Vehicle	182,457
	Errors and Omissions	2,000,000
	Public Officials	2,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

Thompson Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006
(Continued)

Note 6 – Risk Management (Continued)

The Township pays the State Workers' Compensation System a premium based on a rate per \$0.067381 of township salaries and \$0.535513 for Volunteer Fire Department Stipend. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims. As of 2007 the township lost our group rating premium through Frank Gates Service Company due to an accident caused by a drunk driver with a suspended license hitting one of our road employees. This significantly raised the rates of our worker's compensation premium.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

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

Thompson Township
 Geauga County
 Notes to the Financial Statements
 For the Years Ended December 31, 2007 and December 31, 2006
 (Continued)

Note 6 – Risk Management (Continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$15,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

The Township's contributions to OTARMA for the past three years are as follows:

<u>Year</u>	<u>Contribution</u>
2007	\$15,962
2006	21,603
2005	18,312

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Thompson Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006
(Continued)

Note 7 – Defined Benefit Pension Plan

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll. The Township's contribution rate for 2007 was 13.85 percent. For the year ended December 31, 2006, members in state and local classifications contributed 9 percent of covered payroll. The Township's contribution rate for 2006 was 13.7 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate of the Township of 14 percent.

The Township's required contributions for pension obligations to the traditional plan for the years ended December 31, 2007, 2006, and 2005 were \$28,660, \$31,464, and \$34,383 respectively. The full amount has been contributed for 2007, 2006, and 2005.

Note 8 - Postemployment Benefits

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Thompson Township
 Geauga County
 Notes to the Financial Statements
 For the Years Ended December 31, 2007 and December 31, 2006
 (Continued)

Note 8 - Postemployment Benefits (Continued)

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2007, the employer contribution allocated to the health care plan from January 1 through June 30, 2007 and July 1 through December 31, 2007 was 5% and 6% of covered payroll, respectively. In 2006, 4.5 percent of the covered payroll the portion that was used to fund health care. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$18,877, \$15,389, and \$14,401 respectively; 100 percent has been contributed for 2007, 2006 and 2005.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006. January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

Note 9 – Debt

A summary of the note transactions for the year ended December 31, 2007, follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Governmental</u>						
<u>Activities</u>						
Ohio Public Works Commission-2001	0.00%	\$74,032	\$0	\$16,451	\$57,581	\$16,451
Ohio Public Works Commission-1998	0.00%	2,500	0	2,500	0	0
Road Improvement Bonds-1998	5.55%	68,433	0	33,292	35,141	35,141
Capital Lease	4.31%	0	128,500	7,749	120,751	16,470
		\$144,965	\$128,500	\$59,992	\$213,473	\$68,062

Thompson Township
 Geauga County
 Notes to the Financial Statements
 For the Years Ended December 31, 2007 and December 31, 2006
 (Continued)

Note 9 – Debt (Continued)

A summary of the note transactions for the year ended December 31, 2006 follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006	Due Within One Year
<u>Governmental</u>						
<u>Activities</u>						
Ohio Public Works Commission - 2001	0.00%	\$90,483	\$0	\$16,451	\$74,032	\$16,451
Ohio Public Works Commission - 1998	0.00%	7,500	0	5,000	2,500	2,500
Road Improvement Bonds - 1998	5.55%	99,975	0	31,542	68,433	33,292
		\$197,958	\$0	\$52,993	\$144,965	\$52,243

The following is a summary of the Township's future annual debt service requirements:

	Principal	Interest	Total Payment
2008	\$68,062	\$6,979	\$75,041
2009	33,639	4,311	37,950
2010	34,388	3,563	37,951
2011	26,943	2,781	29,724
2012	19,533	1,966	21,499
2013 - 2014	30,908	1,341	32,249
Total	\$213,473	\$20,941	\$234,414

The Township debt as of December 31, 2007 included a loan from Ohio Public Works Commission, Road Improvement Bonds and a lease with the OTA Master Lease Program. The Ohio Public Works Commission loan was for the construction of Dewey Road and will be paid off in 2011. The Road Improvement Bonds were for road improvement to Sidley Road. These bonds will be paid off in 2008. The OTA Master Lease Program was for a new roadside mower and F550 Truck for our Road Department with the first payment in 2007 and the last payment being in 2014.

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$5,210,375 and an unvoted debt margin of \$2,729,244. The effects of the debt limitations at December 31, 2006, were an overall debt margin of \$5,176,246 and an unvoted debt margin of \$2,711,367.

Note 10 – Change in Accounting Principles

The Township has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension".

Thompson Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006
(Continued)

Note 10 – Change in Accounting Principles (Continued)

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding a plan. The implementation of this statement did not result in any change to the Township's financial statements.



Mary Taylor, CPA

Auditor of State

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

Thompson Township
Geauga County
P.O. Box 204
Thompson, Ohio 44086

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Thompson Township, Geauga County, Ohio (the Township) as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 29, 2008, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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.

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

Compliance and Other Matters

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

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

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

Mary Taylor, CPA
Auditor of State

August 29, 2008



Mary Taylor, CPA
Auditor of State

THOMPSON TOWNSHIP

GEAUGA 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 16, 2008**