

TWIN TOWNSHIP

DAYTON REGION, DARKE COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 – 2004



**Auditor of State
Betty Montgomery**

Board of Trustees
Twin Township
14 Sieraa Lane
Arcanum, Ohio 45304

We have reviewed the *Report of Independent Auditors'* of Twin Township, Darke County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2004 through December 31, 2005. 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.

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. Twin Township is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 28, 2006

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DARKE COUNTY
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**Manning & Associates CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414**

REPORT OF INDEPENDENT AUDITORS'

Board of Trustees
Twin Township
Darke County
104 W. South Street
Arcanum, Ohio 45304

We have audited the accompanying financial statements of the governmental activities, major funds and aggregate remaining fund information of Twin Township, Darke County, Ohio, (the Township), as of and for the years ended December 31, 2005 and 2004, which collectively comprised the Township's basic financial statements. 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 audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 audits provide a reasonable basis for our opinion.

As described in Note 2, the Township has prepared these financial statements and notes using the cash basis of accounting. 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 financial position-cash basis of the governmental activities, major funds and the aggregate remaining fund information of Twin Township, Darke County, Ohio, as of December 31, 2005 and 2004, and the respective changes in financial position-cash basis and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Cemetery Fund, and Fire District Fund, thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2004, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. See Note 3 Change in basis of accounting and restatement of fund equity.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 26, 2006, on our consideration of the Twin Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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 on considering the results of our audit.

Management's discussion and analysis is not a required part of the basis financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquires 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.

Manning & Associates CPAs, LLC
Dayton, Ohio

May 26, 2006

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Twin Township, Darke County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

This discussion and analysis of Twin Township's, Darke County, financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005 and 2004, 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 2005 and 2004 are as follows:

Net assets of governmental activities in 2005 increased \$55,819, or 8 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Motor Vehicle License Fund, which realized the greatest increase in 2005 due to a decrease in road resurfacing expenditures. Road contracts were not paid from the Motor Vehicle License Fund in 2005.

Net assets of governmental activities in 2004 increased \$3,808, or 1 percent, which was not a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2004; however, cost increases affected most funds.

The Township's general receipts are primarily property and income taxes. These receipts in 2005 and 2004 represent respectively 53% and 59% of the total cash received for governmental activities during the year. Property and income tax receipts for 2005 and 2004 changed very little as development within the Township has slowed.

Three funds decreased in 2005; Cemetery by \$861, Fire District by \$641, and Zoning by \$1,229. The Cemetery Fund decrease was due to increased personnel and maintenance costs. The Fire District decrease was due to the increase in the fire contract over several years. On November 8, 2005 the residents of the Township passed a replacement levy at a rate not exceeding seven-tenths mills for each one dollar of valuation, which amounts to seven cents for each one hundred dollars of valuation, for a continuing period of time, commencing in 2005, first due calendar year 2006. The Zoning Fund decrease was due to increased compensation to board members with more meetings being held in 2005.

In 2004; the General fund decreased by \$14,102. The General Fund decrease was due to a reduction of investment revenue and inflationary increases in expenditures. The Motor Vehicle License and Permissive Motor Vehicle License decreases were due to roadwork contracts being paid from the respective funds in 2004.

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.

Twin Township, Darke County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

Report Components

The statement of net assets and the statement 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.

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 Government as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005 and 2004, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year-end. The statement of activities compares 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 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 income taxes.

Twin Township, Darke County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

Reporting the Government as a Whole (continued)

In the statement of net assets and the statement of activities, we divide the Township into two types of activities:

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

Business-type activity. The Township has one business-type activity, the provision of water. Business-type activities are financed by a fee charged to the customers receiving the service. The Township has no business-type funds.

Reporting the Government'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 split into two categories: governmental and fiduciary.

Governmental Funds - Most 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 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 Fund, Road and Bridge Fund, Cemetery Fund and Fire District 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.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

Twin Township, Darke County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

The Government as a Whole, (continued)

Table 1 provides a summary of the Township's net assets for 2005 compared to 2004 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2005	2004
Assets		
Cash and Cash Equivalents	712,933	657,114
Total Assets	712,933	657,114
Net Assets		
Restricted for:		
Other Purposes	388,197	356,445
Unrestricted	324,736	300,669
Total Net Assets	712,933	657,114

As mentioned previously, net assets of governmental activities increased \$55,819 or 8 percent during 2005 and increase \$3,808 or 1 percent during 2004. The primary reasons contributing to the increases in cash balances are as follows:

- A conservative approach to expenditures is practiced by the Township. In 2005 the Township limited the amount of road resurfacing to 1.2 miles on Loop Road. The road resurfacing was contracted out for \$37,608. In 2004 the Township limited the amount of road resurfacing and berming to 1.4 miles on Tillman Road and 1.04 miles on Littles Road. The road resurfacing and berming costs were \$70,371.
- The Township keeps supply and operation costs to a minimum. The Township is very conservative on use of supplies, salt, gasoline, and other operational costs. Equipment is maintained by the Trustees and the Cemetery Superintendent. Major repair work is outsourced.
- The Trustees do the snow removal and salting of roads. The Township does not outsource this service. The road mowing and Ithaca Cemetery mowing are done in-house by one township employee.

Twin Township, Darke County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

The Government as a Whole (continued)

Table 2 reflects the changes in net assets in 2005 and 2004. Since the Township did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 2)
Changes in Net Assets

	Governmental Activities 2005	Governmental Activities 2004
	<u>2005</u>	<u>2004</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$42,436	\$26,811
Operating Grants and Contributions	96,124	77,811
Capital Grants and Contributions	1,712	0
Total Program Receipts	<u>140,272</u>	<u>104,622</u>
General Receipts:		
Property and Other Local Taxes	94,050	96,284
Grants and Entitlements Not Restricted to Specific Programs	36,742	45,914
Sale of Fixed Assets	50	0
Interest	19,190	7,752
Miscellaneous	242	228
Other Financing Sources	7,970	0
Total General Receipts	<u>158,244</u>	<u>150,178</u>
Total Receipts	<u>298,516</u>	<u>254,800</u>
Disbursements:		
General Government	47,942	58,740
Security of Persons and Property:	26,479	25,834
Public Health Services	39,339	33,202
Transportation	128,110	133,215
Capital Outlay	827	0
Total Disbursements	<u>242,697</u>	<u>250,991</u>
Increase (Decrease) in Net Assets	55,819	3,809
Net Assets, January 1	<u>657,114</u>	<u>653,305</u>
Net Assets, December 31	<u>\$712,933</u>	<u>\$657,114</u>

Twin Township, Darke County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

The Government as a Whole (continued)

Program receipts represent in 2005 and 2004 only 47% and 41%, respectfully, of total receipts and are primarily comprised of restricted receipts such as motor vehicle license and gas tax money, zoning permits and cemetery fees.

General receipts in 2005 and 2004 represent 53% and 59% of the Township's total receipts, and of this amount, over 59% and 59% are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (41 and 36 percent). Other receipts are very 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 Government activities. These include the costs of Trustees, and the Fiscal Officer. Since these costs do not represent direct services to residents, we try to limit these costs to 32% and 29% of General Fund unrestricted receipts.

Security of Persons and Property are the costs of contracted fire protection; Public Health Services is the cemetery department; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, 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 road maintenance, which in 2005 and 2004 accounted for 53% and 53% of all governmental disbursements. General government in 2005 and 2004 also represents a significant cost, about 20% and 23%. The next three columns of the Statement entitled Program 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 Receipt (Disbursement) 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.

Twin Township, Darke County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

(Table 3)

	Governmental Activities			
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2005	2005	2004	2004
General Government	\$47,942	(\$45,668)	\$58,740	(\$56,009)
Security of Persons and Property	26,479	(23,242)	25,834	(25,418)
Public Health Services	39,339	(10,821)	33,202	(20,867)
Transportation	128,110	(21,867)	133,215	(44,075)
Capital Outlay	827	(827)	0	0
Total Expenses	\$242,697	(\$102,425)	\$250,991	(\$146,369)

The dependence upon property and income tax receipts is apparent in 2005 and 2004 as over 43% and 59% of governmental activities are supported through these general receipts.

The Government's Funds

Total governmental funds in 2005 and 2004 had receipts of \$298,516 and 254,800 and disbursements of \$242,697 and \$250,991, respectively. In 2005 the greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$24,067 as the result of unanticipated inheritance tax and an increase in earnings on investments. In 2004 the greatest change within governmental funds occurred within the Gasoline Tax Fund. The fund balance of the Gasoline Tax Fund increased \$22,348 was the result of conservative approach to spending and fewer equipment repair and maintenance costs.

In 2005, General Fund receipts were more than disbursements by \$24,067 indicating that the General Fund increased in fund balance. The increase in these revenues cannot be expected from year-to-year. It is the recommendation of the trustees and fiscal officer that a reduction in disbursements is preferable to requesting additional funds from the taxpayers. Although a formal plan to cut costs has not been implemented in 2006 the administration will continue to be very conservative and looking at ways to cut costs. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property taxes remains stagnant.

In 2004, General Fund expenditures were more than receipts by \$14,102 indicating that the General Fund decreased in fund balance. The decrease was due to lower investment returns and little increase in property tax. It is the recommendation of the trustees and fiscal officer that a reduction in disbursements is preferable to requesting additional funds from the taxpayers. Although a formal plan to cut costs has not been implemented in 2005 the administration will continue to be very conservative and looking at ways to cut costs. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property taxes remains stagnant.

Twin Township, Darke County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

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.

During 2005, final budgeted receipts were the same as the original budgeted receipts. Actual receipts were over the budgeted amount due to unexpected inheritance tax and increasing interest rates. The difference between final budgeted receipts and actual receipts was \$24,958 in the General Fund.

During 2004, final budgeted receipts were the same as the original budgeted receipts. Actual receipts were over the budgeted amount due to unexpected inheritance tax and increasing interest rates. The difference between final budgeted receipts and actual receipts was \$16,351 in the General Fund.

Final disbursements in 2005 and 2004 were budgeted at \$175,377 and 211,218 while actual disbursements were \$54,556 and \$85,914. Appropriations were not reduced since receipts were better than expected. The Township appropriates all available revenues but spends according to the tax budget prepared for the year. In 2005 and 2004, this explains the reported variance of \$120,821 and \$125,304. The result in 2005 is the increase in fund balance of \$24,022 and in 2004 is the decrease in fund balance of \$14,102.

Capital Assets and Debt Administration

Capital Assets

The Township currently tracks its capital assets through the UAN software for insurance purposes. Capital assets are not reported.

Debt

At December 31, 2005 and 2004, the Township has no debt.

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. Expenditures continue to increase faster than revenues. Thus the current budget reflects a continued conservative spending approach. In 2005, the passage of a .70 mill replacement levy is expected to generate an additional \$11,140 in the Fire District Fund in 2006.

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 Deborah L. Dynes, Fiscal Officer, Twin Township, Darke County, 14 Sierra Lane, Arcanum, Ohio 45304.

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Twin Township, Darke County
Statement of Net Assets - Cash Basis
December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$712,933</u>
<i>Total Assets</i>	<u><u>\$712,933</u></u>
Net Assets	
Restricted for:	
Other Purposes	388,197
Unrestricted	<u>324,736</u>
<i>Total Net Assets</i>	<u><u>\$712,933</u></u>

See accompanying notes to the basic financial statements

Twin Township, Darke County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	47,942	2,274	0	0	(45,668)
Public Safety	26,479	0	3,237	0	(23,242)
Public Works	128,110	11,644	92,887	1,712	(21,867)
Health	39,339	28,518	0	0	(10,821)
Capital Outlay	827	0	0	0	(827)
<i>Total Governmental Activities</i>	<u>242,697</u>	<u>42,436</u>	<u>96,124</u>	<u>1,712</u>	<u>(102,425)</u>
General Receipts					
Property Taxes Levied for:					
General Purposes					94,050
Grants and Entitlements not Restricted to Specific Programs					36,742
Sale of Capital Assets					50
Interest					19,190
Miscellaneous					242
<i>Total General Receipts</i>					<u>150,274</u>
Other Financing Sources					<u>7,970</u>
Total General Receipts, Extraordinary Item, Transfers and Advances					<u>158,244</u>
Change in Net Assets					55,819
<i>Net Assets Beginning of Year</i>					<u>657,114</u>
<i>Net Assets End of Year</i>					<u><u>712,933</u></u>

See accompanying notes to the basic financial statements

Twin Township, Darke County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Cemetery</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	324,736	129,054	90,547	35,984	33,024	99,588	712,933
<i>Total Assets</i>	<u>324,736</u>	<u>129,054</u>	<u>90,547</u>	<u>35,984</u>	<u>33,024</u>	<u>99,588</u>	<u>712,933</u>
Fund Balances							
Reserved:							
Reserved for Encumbrances	45	0	0	917	0	0	962
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	324,691	0	0	0	0	0	324,691
Special Revenue Funds	0	129,054	90,547	35,067	33,024	99,588	387,280
<i>Total Fund Balances</i>	<u>324,736</u>	<u>129,054</u>	<u>90,547</u>	<u>35,984</u>	<u>33,024</u>	<u>99,588</u>	<u>712,933</u>

See accompanying notes to the basic financial statements

Twin Township, Darke County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Gasoline Tax	Road and Bridge	Cemetery	Fire District	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	28,987	0	42,462	0	22,601	11,644	105,694
Licenses, Permits and Fees	0	0	0	12,468	0	2,274	14,742
Intergovernmental	36,742	77,242	7,803	0	3,237	9,554	134,578
Interest	12,633	3,949	0	0	0	2,608	19,190
Other	217	0	0	16,050	0	25	16,292
<i>Total Receipts</i>	<u>78,579</u>	<u>81,191</u>	<u>50,265</u>	<u>28,518</u>	<u>25,838</u>	<u>26,105</u>	<u>290,496</u>
Disbursements							
Current:							
General Government	44,412	0	0	0	0	3,530	47,942
Public Safety	0	0	0	0	26,479	0	26,479
Public Works	0	65,295	54,502	0	0	8,313	128,110
Health	10,100	0	0	29,239	0	0	39,339
Capital Outlay	0	0	0	190	0	637	827
<i>Total Disbursements</i>	<u>54,512</u>	<u>65,295</u>	<u>54,502</u>	<u>29,429</u>	<u>26,479</u>	<u>12,480</u>	<u>242,697</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>24,067</u>	<u>15,896</u>	<u>(4,237)</u>	<u>(911)</u>	<u>(641)</u>	<u>13,625</u>	<u>47,799</u>
Other Financing Sources (Uses)							
Sale of Capital Assets	0	0	0	50	0	0	50
Other Financing Sources	0	1,355	6,615	0	0	0	7,970
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>1,355</u>	<u>6,615</u>	<u>50</u>	<u>0</u>	<u>0</u>	<u>8,020</u>
<i>Net Change in Fund Balances</i>	24,067	17,251	2,378	(861)	(641)	13,625	55,819
<i>Fund Balances Beginning of Year</i>	<u>300,669</u>	<u>111,803</u>	<u>88,169</u>	<u>36,845</u>	<u>33,665</u>	<u>85,963</u>	<u>657,114</u>
<i>Fund Balances End of Year</i>	<u><u>324,736</u></u>	<u><u>129,054</u></u>	<u><u>90,547</u></u>	<u><u>35,984</u></u>	<u><u>33,024</u></u>	<u><u>99,588</u></u>	<u><u>712,933</u></u>

See accompanying notes to the basic financial statements

Twin Township, Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	28,630	28,630	28,987	357
Intergovernmental	22,890	22,890	36,742	13,852
Interest	2,100	2,100	12,632	10,532
Other	0	0	217	217
<i>Total receipts</i>	<u>53,620</u>	<u>53,620</u>	<u>78,578</u>	<u>24,958</u>
Disbursements				
Current:				
General Government	104,466	107,125	44,457	62,668
Public Safety	5,000	5,000	0	5,000
Public Works	5,000	5,000	0	5,000
Health	48,252	48,252	10,099	38,153
Capital Outlay	10,000	10,000	0	10,000
<i>Total Disbursements</i>	<u>172,718</u>	<u>175,377</u>	<u>54,556</u>	<u>120,821</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(119,098)</u>	<u>(121,757)</u>	<u>24,022</u>	<u>145,779</u>
 <i>Net Change in Fund Balance</i>	 (119,098)	 (121,757)	 24,022	 145,779
 <i>Fund Balance Beginning of Year</i>	 300,669	 300,669	 300,669	 0
 Prior Year Encumbrances Appropriated	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>
 <i>Fund Balance End of Year</i>	 <u><u>181,571</u></u>	 <u><u>178,912</u></u>	 <u><u>324,691</u></u>	 <u><u>145,779</u></u>

See accompanying notes to the basic financial statements

Twin Township, Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	49,000	49,000	77,242	28,242
Interest	1,000	1,000	3,949	2,949
<i>Total receipts</i>	<u>50,000</u>	<u>50,000</u>	<u>81,191</u>	<u>31,191</u>
Disbursements				
Current:				
Public Works	151,803	151,803	65,295	86,508
Capital Outlay	10,000	10,000	0	10,000
<i>Total Disbursements</i>	<u>161,803</u>	<u>161,803</u>	<u>65,295</u>	<u>96,508</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(111,803)</u>	<u>(111,803)</u>	<u>15,896</u>	<u>127,699</u>
Other Financing Sources	<u>0</u>	<u>0</u>	<u>1,355</u>	<u>1,355</u>
<i>Net Change in Fund Balance</i>	(111,803)	(111,803)	17,251	129,054
<i>Fund Balance Beginning of Year</i>	111,803	111,803	111,803	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>129,054</u></u>	<u><u>129,054</u></u>

See accompanying notes to the basic financial statements

Twin Township, Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	42,590	42,590	42,462	(128)
Intergovernmental	5,400	5,400	7,803	2,403
<i>Total receipts</i>	<u>47,990</u>	<u>47,990</u>	<u>50,265</u>	<u>2,275</u>
Disbursements				
Current:				
Public Works	105,658	105,872	54,502	51,370
Capital Outlay	30,000	30,000	0	30,000
<i>Total Disbursements</i>	<u>135,658</u>	<u>135,872</u>	<u>54,502</u>	<u>81,370</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(87,668)</u>	<u>(87,882)</u>	<u>(4,237)</u>	<u>83,645</u>
Other Financing Sources	0	0	6,615	6,615
<i>Net Change in Fund Balance</i>	(87,668)	(87,882)	2,378	90,260
<i>Fund Balance Beginning of Year</i>	87,669	87,669	87,669	0
Prior Year Encumbrances Appropriated	500	500	500	0
<i>Fund Balance End of Year</i>	<u>501</u>	<u>287</u>	<u>90,547</u>	<u>90,260</u>

See accompanying notes to the basic financial statements

Twin Township, Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District (Levy)
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	22,870	22,870	22,601	(269)
Intergovernmental	2,000	2,000	3,237	1,237
<i>Total receipts</i>	<u>24,870</u>	<u>24,870</u>	<u>25,838</u>	<u>968</u>
Disbursements				
Current:				
Public Safety	58,535	58,535	26,479	32,056
<i>Total Disbursements</i>	<u>58,535</u>	<u>58,535</u>	<u>26,479</u>	<u>32,056</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(33,665)</u>	<u>(33,665)</u>	<u>(641)</u>	<u>33,024</u>
<i>Net Change in Fund Balance</i>	(33,665)	(33,665)	(641)	33,024
<i>Fund Balance Beginning of Year</i>	33,665	33,665	33,665	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>33,024</u></u>	<u><u>33,024</u></u>

See accompanying notes to the basic financial statements

Twin Township, Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Cemetery
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Licenses, Permits and Fees	8,000	8,000	12,468	4,468
Other	4,090	4,090	16,050	11,960
<i>Total receipts</i>	<u>12,090</u>	<u>12,090</u>	<u>28,518</u>	<u>16,428</u>
Disbursements				
Current:				
Health	35,000	40,500	30,156	10,344
Capital Outlay	13,435	8,435	190	8,245
<i>Total Disbursements</i>	<u>48,435</u>	<u>48,935</u>	<u>30,346</u>	<u>18,589</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(36,345)</u>	<u>(36,845)</u>	<u>(1,828)</u>	<u>35,017</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	50	50
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>50</u>	<u>50</u>
<i>Net Change in Fund Balance</i>	(36,345)	(36,845)	(1,778)	35,067
<i>Fund Balance Beginning of Year</i>	36,345	36,345	36,345	0
Prior Year Encumbrances Appropriated	500	500	500	0
<i>Fund Balance End of Year</i>	<u>500</u>	<u>0</u>	<u>35,067</u>	<u>35,067</u>

See accompanying notes to the basic financial statements

Twin Township, Darke County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2005

	<u>Private Purpose Trust</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>627</u>
<i>Total Assets</i>	<u><u>627</u></u>
Net Assets	
Unrestricted	<u>627</u>
<i>Total Net Assets</i>	<u><u>627</u></u>

See accompanying notes to the basic financial statements

Twin Township, Darke County
Statement of Changes in Fiduciary Net Assets - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2005

		<u>Private Purpose Trust</u>
Additions		
Contributions	\$	0
Interest		<u>3</u>
<i>Total Additions</i>		<u>3</u>
Deductions		
Payments in Accordance with Trust Agreements		11
Other		<u>0</u>
<i>Total Deductions</i>		<u>11</u>
Changes in Net Assets		(8)
Net Assets - Beginning of Year		<u>635</u>
Net Assets - End of Year	\$	<u><u>627</u></u>

See accompanying notes to the basic financial statements

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Twin Township, Darke County
Statement of Net Assets - Cash Basis
December 31, 2004

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>657,114</u>
<i>Total Assets</i>	<u><u>657,114</u></u>
Net Assets	
Restricted for:	
Other Purposes	356,445
Unrestricted	<u>300,669</u>
<i>Total Net Assets</i>	<u><u>657,114</u></u>

See accompanying notes to the basic financial statements

Twin Township, Darke County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2004

	Program Cash Receipts				Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Assets
					Governmental Activities
Governmental Activities					
General Government	\$58,740	\$2,731	\$0	\$0	(\$56,009)
Public Safety	25,834	0	416	0	(25,418)
Public Works	133,215	11,745	77,395	0	(44,075)
Health	33,202	12,335	0	0	(20,867)
<i>Total Governmental Activities</i>	250,991	26,811	77,811	0	(146,369)
 General Receipts					
Property Taxes Levied for:					
General Purposes					96,284
Grants and Entitlements not Restricted to Specific Programs					45,914
Interest					7,752
Miscellaneous					228
<i>Total General Receipts</i>					150,178
Total General Receipts					150,178
Change in Net Assets					3,809
<i>Net Assets Beginning of Year</i>					653,305
<i>Net Assets End of Year</i>					\$657,114

See accompanying notes to the basic financial statements

Twin Township, Darke County
Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2004

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$300,669	\$111,803	\$88,169	\$33,665	\$122,808	\$657,114
<i>Total Assets</i>	<u>\$300,669</u>	<u>\$111,803</u>	<u>\$88,169</u>	<u>\$33,665</u>	<u>\$122,808</u>	<u>\$657,114</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$0	\$0	\$500	\$0	\$500	\$1,000
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	300,669	0	0	0	0	300,669
Special Revenue Funds	0	111,803	87,669	33,665	122,308	355,445
<i>Total Fund Balances</i>	<u>\$300,669</u>	<u>\$111,803</u>	<u>\$88,169</u>	<u>\$33,665</u>	<u>\$122,808</u>	<u>\$657,114</u>

See accompanying notes to the basic financial statements

Twin Township, Darke County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General	Gasoline Tax	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 29,304	0	43,838	23,142	11,744	\$ 108,028
Licenses, Permits and Fees	0	0	0	0	9,667	9,667
Intergovernmental	37,203	68,092	6,067	3,474	8,889	123,725
Interest	5,077	1,458	0	0	1,217	7,752
Other	228	0	0	0	5,400	5,628
<i>Total Receipts</i>	<u>71,812</u>	<u>69,550</u>	<u>49,905</u>	<u>26,616</u>	<u>36,917</u>	<u>254,800</u>
Disbursements						
Current:						
General Government	58,515	0	0	0	225	58,740
Public Safety	0	0	0	25,834	0	25,834
Public Works	0	47,202	47,099	0	38,914	133,215
Health	27,399	0	0	0	5,803	33,202
<i>Total Disbursements</i>	<u>85,914</u>	<u>47,202</u>	<u>47,099</u>	<u>25,834</u>	<u>44,942</u>	<u>250,991</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(14,102)</u>	<u>22,348</u>	<u>2,806</u>	<u>782</u>	<u>(8,025)</u>	<u>3,809</u>
<i>Net Change in Fund Balances</i>	(14,102)	22,348	2,806	782	(8,025)	3,809
<i>Fund Balances Beginning of Year</i>	<u>314,771</u>	<u>89,455</u>	<u>85,363</u>	<u>32,883</u>	<u>130,833</u>	<u>653,305</u>
<i>Fund Balances End of Year</i>	<u>\$ 300,669</u>	<u>111,803</u>	<u>88,169</u>	<u>33,665</u>	<u>122,808</u>	<u>\$ 657,114</u>

See accompanying notes to the basic financial statements

Twin Township, Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	28,600	28,600	29,304	704
Intergovernmental	24,770	24,770	37,203	12,433
Interest	2,091	2,091	5,077	2,986
Other	0	0	228	228
<i>Total receipts</i>	<u>55,461</u>	<u>55,461</u>	<u>71,812</u>	<u>16,351</u>
Disbursements				
Current:				
General Government	130,250	135,018	58,515	76,503
Public Safety	5,000	5,000	0	5,000
Public Works	5,000	5,000	0	5,000
Health	56,200	56,200	27,399	28,801
Capital Outlay	10,000	10,000	0	10,000
<i>Total Disbursements</i>	<u>206,450</u>	<u>211,218</u>	<u>85,914</u>	<u>125,304</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(150,989)</u>	<u>(155,757)</u>	<u>(14,102)</u>	<u>141,655</u>
<i>Net Change in Fund Balance</i>	(150,989)	(155,757)	(14,102)	141,655
<i>Fund Balance Beginning of Year</i>	314,002	314,002	314,002	
Prior Year Encumbrances Appropriated	<u>769</u>	<u>769</u>	<u>769</u>	
<i>Fund Balance End of Year</i>	<u><u>163,782</u></u>	<u><u>159,014</u></u>	<u><u>300,669</u></u>	<u><u>141,655</u></u>

See accompanying notes to the basic financial statements

Twin Township, Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	49,800	49,800	68,092	18,292
Interest	1,000	1,000	1,458	458
<i>Total receipts</i>	<u>50,800</u>	<u>50,800</u>	<u>69,550</u>	<u>18,750</u>
Disbursements				
Current:				
Public Works	130,055	130,134	47,202	82,932
Capital Outlay	10,000	10,000	0	10,000
<i>Total Disbursements</i>	<u>140,055</u>	<u>140,134</u>	<u>47,202</u>	<u>92,932</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(89,255)</u>	<u>(89,334)</u>	<u>22,348</u>	<u>111,682</u>
<i>Net Change in Fund Balance</i>	(89,255)	(89,334)	22,348	111,682
<i>Fund Balance Beginning of Year</i>	89,376	89,376	89,376	0
Prior Year Encumbrances Appropriated	<u>79</u>	<u>79</u>	<u>79</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>200</u>	<u>121</u>	<u>111,803</u>	<u>111,682</u>

See accompanying notes to the basic financial statements

Twin Township, Darke County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Fire District (Levy)
 For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	22,848	22,848	23,142	294
Intergovernmental	2,000	2,000	3,474	1,474
<i>Total receipts</i>	24,848	24,848	26,616	1,768
Disbursements				
Current:				
Public Safety	57,731	57,731	25,834	31,897
<i>Total Disbursements</i>	57,731	57,731	25,834	31,897
<i>Excess of Receipts Over (Under) Disbursements</i>	(32,883)	(32,883)	782	33,665
<i>Net Change in Fund Balance</i>	(32,883)	(32,883)	782	33,665
<i>Fund Balance Beginning of Year</i>	32,883	32,883	32,883	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	0	0	33,665	33,665

See accompanying notes to the basic financial statements

Twin Township, Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	41,740	41,740	43,838	2,098
Intergovernmental	5,400	5,400	6,067	667
<i>Total receipts</i>	<u>47,140</u>	<u>47,140</u>	<u>49,905</u>	<u>2,765</u>
Disbursements				
Current:				
Public Works	102,470	102,503	47,599	54,904
Capital Outlay	30,000	30,000	0	30,000
<i>Total Disbursements</i>	<u>132,470</u>	<u>132,503</u>	<u>47,599</u>	<u>84,904</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(85,330)</u>	<u>(85,363)</u>	<u>2,306</u>	<u>87,669</u>
<i>Net Change in Fund Balance</i>	(85,330)	(85,363)	2,306	87,669
<i>Fund Balance Beginning of Year</i>	85,330	85,330	85,330	0
Prior Year Encumbrances Appropriated	<u>33</u>	<u>33</u>	<u>33</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>33</u></u>	<u><u>0</u></u>	<u><u>87,669</u></u>	<u><u>87,669</u></u>

See accompanying notes to the basic financial statements

Twin Township, Darke County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2004

	<u>Private Purpose Trust</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>635</u>
<i>Total Assets</i>	<u><u>635</u></u>
Net Assets	
Unrestricted	<u>635</u>
<i>Total Net Assets</i>	<u><u>635</u></u>

See accompanying notes to the basic financial statements

Twin Township, Darke County
Statement of Changes in Fiduciary Net Assets - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2004

		<u>Private Purpose Trust</u>
Additions		
Contributions	\$	0
Interest		<u>2</u>
<i>Total Additions</i>		<u>2</u>
 Deductions		
Payments in Accordance with Trust Agreements		10
Other		<u>0</u>
<i>Total Deductions</i>		<u>10</u>
 Changes in Net Assets		 (8)
Net Assets - Beginning of Year		<u>643</u>
Net Assets - End of Year	\$	<u><u>635</u></u>

See accompanying notes to the basic financial statements

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**Twin Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2005 and 2004**

Note 1 – Reporting Entity

Twin Township, Darke County, Ohio (the Township), is a body politic and corporate established in 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 also has an elected Fiscal Officer. The Township provides general governmental services, including road maintenance and cemetery management.

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

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. The Township contracts with the Village of Arcanum for fire protection. Police protection is provided by Darke County Sheriff's Department.

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 and the fund financial statements for the proprietary funds, 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.

B. 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 fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

**Twin Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2005 and 2004**

Note 2 – Summary of Significant Accounting Policies (continued)

B. Government-Wide Financial Statements (continued)

The statement of net assets presents the cash balance 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.

C. 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. Fiduciary funds are reported by type.

D. 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's funds are divided into two categories, governmental and fiduciary.

E. 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 and Bridge Fund, and Cemetery 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 money for constructing, maintaining and repairing Township roads. The Road and Bridge Fund receives property tax money for constructing, maintaining and repairing Township roads. The Fire District Fund receives the proceeds of a property tax levy for contracted fire services. The Cemetery Fund receives the proceeds from the Cemetery operations and is used to maintain the Cemetery. The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

**Twin Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2005 and 2004**

Note 2 – Summary of Significant Accounting Policies (continued)

Fiduciary Funds

Fiduciary funds include a private purpose trust fund. Trust funds are used to account for assets held under trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's private purpose trust fund is nonexpendable trust fund used to place flowers on the Cena Grodon grave at the Ithaca Cemetery for Memorial Day services.

F. 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 expenses and liabilities) are not recorded in these financial statements.

G. 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.

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.

**Twin Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2005 and 2004**

Note 2 – Summary of Significant Accounting Policies (continued)

H. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts (contra revenue), respectively.

During 2005, the Township invested in 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. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2005.

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 2005 and 2004 was \$12,633 and \$5,077.

I. 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. Restricted assets represent Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, Cemetery, Fire District, Zoning, and Permissive Motor Vehicle License Tax.

J. 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.

K. 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.

**Twin Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2005 and 2004**

Note 2 – Summary of Significant Accounting Policies (continued)

L. Accumulated Leave

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

M. 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.

N. 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 restricted for road and bridge maintenance, cemetery maintenance, and fire protection.

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.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. There was no restatement of equity due to this change.

For the year ended December 31, 2004, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. The financial statements now include entity-wide financial statements, which present information for the Township as a whole, and fund financial statements, which present information for individual major funds rather than fund type.

The Township also implemented GASB Statement No. 37, which clarifies certain provisions of Statement No. 34, including the required content of the Management's Discussion and Analysis, the classification of program revenues and the criteria for determining major funds, and GASB Statement No. 38, which modifies, establishes and rescinds certain financial statement note disclosures.

**Twin Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2005 and 2004**

Note 4 – 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 – Budgetary Basis presented for the general fund, gasoline tax fund, road and bridge fund, cemetery fund and fire district fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). The encumbrances outstanding at year end (budgetary basis) amounted to \$45 for the general fund and \$918 for the cemetery fund. There were no outstanding advances at year end.

Note 5 – 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;

**Twin Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2005 and 2004**

Note 4 – Deposits and Investments (continued)

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.

Deposits

At year-ended December 31, 2005, the carrying amount of the Township's deposits was \$72,763, and the bank balance was \$77,806. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures" \$0 was exposed to custodial risk as discussed below, while \$100,000 was covered by federal depository insurance corporation. At year-ended December 31, 2004, the carrying amount of the Township's deposits was \$55,727, and the bank balance was \$60,093. Of the bank balance \$0 was exposed to custodial risk as discussed below, while \$100,000 was covered by federal depository insurance corporation.

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. At year end, none of the Township's bank balance 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.

Deposits (continued)

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.

**Twin Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2005 and 2004**

Note 4 – Deposits and Investments (continued)

Investments

The Township has no investment policy that addresses investment risk.

As of December 31, 2005 and 2004, the Township had the following investments:

	2005	2004	
	<u>Carrying Value</u>	<u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	<u>\$640,797</u>	<u>\$602,022</u>	33 days
Total Portfolio	<u>\$640,797</u>	<u>\$602,022</u>	

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township has no investment policy to address interest rate risk. The Township structures investments to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standards and Poor’s. The Township had no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent but not in the Township’s name. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. 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 property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of

**Twin Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2005 and 2004**

Note 5 – Property Taxes (continued)

true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005 and 2004, was \$3.70 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 and 2004 property tax receipts were based are as follows:

	<u>2005</u>	<u>2004</u>
Real Property		
Residential	\$21,268,760	\$21,100,600
Agriculture	6,651,520	6,509,540
Commercial/Industrial/Mineral	1,176,860	1,212,250
Public Utility Property		
Real	0	0
Personal	833,500	737,570
Tangible Personal Property	<u>231,630</u>	<u>179,870</u>
Total Assessed Value	<u>\$30,162,270</u>	<u>\$29,739,830</u>

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 2005 the Township contracted with the Clarendon National Insurance Company. Coverage provided is as follows:

Bodily Injury and Property	\$1,000,000	Per Occurrence
Personal Injury and Advertising	\$1,000,000	Per Occurrence
Employee Benefits Injury Limit	\$1,000,000	Per Occurrence
Fire, Lightning or Explosion	\$500,000	Per Occurrence
Medical Payments	\$5,000	Per Occurrence
Products & Completed	\$2,000,000	Per Occurrence
General Aggregate Limit	\$2,000,000	Per Occurrence
Public Officials Liability	\$1,000,000	Per Occurrence
Public Officials Liability	\$2,000,000	Ann. Aggregate
Employment Practices Liability	\$1,000,000	Per Occurrence
Employment Practices Liability	\$2,000,000	Ann. Aggregate

**Twin Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2005 and 2004**

Note 6 – Risk Management (continued)

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

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

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.

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) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, OPERS members were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 was 9.55 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$5,790, \$8,739, and \$8,930 respectively. The full amount has been contributed for 2005, 2004 and 2003.

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as

**Twin Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2005 and 2004**

Note 8 - Postemployment Benefits (continued)

described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005, which were used to fund postemployment benefits, were \$43,260. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience management believes any refunds would be immaterial.

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**Manning & Associates CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414**

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

Board of Trustees
Twin Township
Darke County
104 W. South Street
Arcanum, Ohio 45304

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Twin Township, Darke County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Township's basic financial statements and have issued our report thereon dated May 26, 2006, wherein we noted the Township implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses

Board of Trustees
Twin Township
Darke County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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 no instances of noncompliance that are required to be reported under Government Auditing Standards

This report is intended solely for the information and use of management, Township Trustees, and other officials authorized to receive this report under section 117.26, Ohio Revised Code, and is not intended to be, and should not be used by anyone other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

May 26, 2006



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

TWIN TOWNSHIP

DARKE 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
SEPTEMBER 7, 2006**