



Mary Taylor, CPA  
Auditor of State



**TURTLECREEK TOWNSHIP  
WARREN COUNTY**

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Mary Taylor, CPA  
Auditor of State

Turtlecreek Township  
Warren County  
670 N. St. Route 123  
Lebanon, Ohio 45036

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

August 18, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Turtlecreek Township  
Warren County  
670 N. St. Rt. 123  
Lebanon, Ohio 45176

To the Board of Trustees:

We have audited the accompanying financial statements of Turtlecreek Township, Warren County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, during 2007 and 2008, the Township revised its financial statement presentation to follow accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, and the combined fund cash balances for Turtlecreek Township, Warren County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2009, 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.



**Mary Taylor, CPA**  
Auditor of State

August 18, 2009



**TURTLECREEK TOWNSHIP  
WARREN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$177,396	\$901,799	\$1,079,195
Charges for Services	0	220,550	220,550
Licenses, Permits, and Fees	34,128	2,673	36,801
Intergovernmental	478,594	304,837	783,431
Special Assessments	0	40,083	40,083
Earnings on Investments	247,211	2,418	249,630
Miscellaneous	54,825	136,286	191,111
	<u>992,154</u>	<u>1,608,646</u>	<u>2,600,800</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	451,593	0	451,593
Public Safety	14,052	817,452	831,504
Public Works	149,339	741,837	891,176
Health	7,609	594	8,203
Conservation - Recreation	106,776	0	106,776
Capital Outlay	1,070,093	69,528	1,139,621
Debt Service:			
Redemption of Principal	150,000	0	150,000
Interest and Other Fiscal Charges	138,188	0	138,188
	<u>2,087,650</u>	<u>1,629,410</u>	<u>3,717,060</u>
<b>Total Cash Disbursements</b>			
<b>Total Receipts Over/(Under) Disbursements</b>	(1,095,496)	(20,765)	(1,116,261)
Fund Cash Balances, January 1	<u>5,625,625</u>	<u>1,175,486</u>	<u>6,801,111</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$4,530,129</b></u>	<u><b>\$1,154,721</b></u>	<u><b>\$5,684,850</b></u>

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

**TURTLECREEK TOWNSHIP  
WARREN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$169,213	\$875,355	\$1,044,568
Charges for Services	0	286,529	286,529
Licenses, Permits, and Fees	30,333	2,550	32,883
Intergovernmental	558,439	287,146	845,585
Special Assessments	0	36,731	36,731
Earnings on Investments	272,855	2,801	275,656
Miscellaneous	34,760	56,486	91,246
	<u>1,065,600</u>	<u>1,547,599</u>	<u>2,613,198</u>
<b>Total Cash Receipts</b>			
	<u>1,065,600</u>	<u>1,547,599</u>	<u>2,613,198</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	364,405	0	364,405
Public Safety	14,472	593,088	607,560
Public Works	339,993	711,169	1,051,162
Health	5,882	305	6,188
Conservation - Recreation	20,368	0	20,368
Capital Outlay	265,040	142,357	407,397
Debt Service:			
Redemption of Principal	150,000	0	150,000
Interest and Other Fiscal Charges	146,438	0	146,438
	<u>1,306,599</u>	<u>1,446,918</u>	<u>2,753,517</u>
<b>Total Cash Disbursements</b>			
	<u>1,306,599</u>	<u>1,446,918</u>	<u>2,753,517</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(240,999)</u>	<u>100,680</u>	<u>(140,319)</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Sale of Fixed Assets	163,213		163,213
Transfers-In		200,000	200,000
Transfers-Out	(200,000)		(200,000)
Advances-In	16,155	16,155	32,310
Advances-Out	(16,155)	(16,155)	(32,310)
	<u>(36,787)</u>	<u>200,000</u>	<u>163,213</u>
<b>Total Other Financing Receipts / (Disbursements)</b>			
	<u>(36,787)</u>	<u>200,000</u>	<u>163,213</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(277,786)</u>	<u>300,680</u>	<u>22,894</u>
<b>Fund Cash Balances, January 1</b>	<u>5,903,411</u>	<u>874,806</u>	<u>6,778,216</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$5,625,625</u></u>	<u><u>\$1,175,486</u></u>	<u><u>\$6,801,111</u></u>

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

**TURTLECREEK TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Turtlecreek Township, Warren County, Ohio (the Township), as a body corporate and politic established in 1804 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, ambulance and emergency medical services, and fire protection services. The Township also has an elected Township Fiscal Officer. The officials are elected to serve 4 year terms.

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

**B. Accounting Basis**

During 2006 and 2005, the Township followed the modified cash basis of accounting. However, its financial statement presentation format and disclosures conformed with generally accepted accounting principles applicable to the modified cash accounting basis.

During 2008 and 2007, the Township continued to use the modified cash accounting basis, but revised its financial statement presentation format to follow the accounting basis the Auditor of State prescribes or permits. These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values U.S. Treasury Notes at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**TURTLECREEK TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund – This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire Special Levy Fund - This fund receives property tax money for purchases of equipment, firefighter compensation, and other operating expenses of the Township's volunteer fire department.

Ambulance Special Levy Fund - This fund receives property tax money for purchases of equipment, EMS compensation, and other operating expenses of the Township's EMS department.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**TURTLECREEK TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. Equity in Pooled Deposits and Investments**

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2008	2007
LCNB NOW Account	\$225,708	\$144,738
LCNB Demand Deposit Account	25,000	25,000
Total deposits	250,708	169,738
U.S. Treasury Notes	4,431,576	5,488,943
STAR Ohio	1,002,566	1,142,430
Total investments	5,434,142	6,631,373
Total deposits and investments	\$5,684,850	\$6,801,111

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Township; or collateralized by the financial institution's public entity deposit pool.

**Investments:** The Federal Reserve holds the Township's U.S. Treasury Notes in book-entry form by, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$835,077	\$992,154	\$157,077
Special Revenue	1,592,779	1,608,646	15,867
Total	\$2,427,856	\$2,600,800	\$172,944

**TURTLECREEK TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. Budgetary Activity (Continued)**

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,439,456	\$2,087,650	\$4,351,806
Special Revenue	2,695,590	1,629,410	1,066,180
Total	\$9,135,046	\$3,717,060	\$5,417,986

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$758,266	\$1,228,812	\$470,546
Special Revenue	1,610,570	1,747,599	137,029
Total	\$2,368,836	\$2,976,411	\$607,575

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,932,738	\$1,506,599	\$4,426,139
Special Revenue	2,343,644	1,446,918	896,726
Total	\$8,276,382	\$2,953,517	\$5,322,865

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**TURTLECREEK TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**5. Debt**

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Administration Building	\$800,000	5.50%
Fire Station Bonds	1,600,000	5.50%
Total	\$2,400,000	

The bonds were for the purpose of building a new administration/ road department/fire station facility.

The general obligation bonds are supported by the full faith and credit of the Township.

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

Year	G.O. Bonds	
	Principal	Interest
2009	\$150,000	\$129,937
2010	150,000	121,687
2011-2015	750,000	484,687
2016-2020	750,000	278,428
2021-2025	600,000	74,250
Totals	\$2,400,000	\$1,088,989

**6. Retirement Systems**

The Township's employees and officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Township contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

**7. Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**TURTLECREEK TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**7. Risk Management (Continued)**

During 2008, the Township contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
VFIS & Cinn. Insurance Co.	Commercial General Liability	\$ 3,000,000.00
"	Commercial Fire	
"	Buildings & Contents	4,367,000.00
"	Directors & Officers	
"	Liability	4,500,000.00
"	Crime/Employee Dishonesty	50,000.00
"	Crime/Employer Liability	1,000,000.00
"	Equipment & Tools	35,000.00
"	Business Auto- all vehicles	REPLACEMENT
"	" Combined Single Unit	1,000,000.00
"	"	500,000.00
"	Uninsured/Underinsured Motorist-Single Unit Medical Payments	500,000.00 10,000.00

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.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The Frank Gates Service Company provides risk management consulting and cost control, and claims management through Care Works for the township.

The Township has employee health insurance, including life, dental, and prescription drugs through Principal Financial Insurance. Vision insurance is provided through VSP.





# 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*

Turtlecreek Township  
Warren County  
670 N. St. Rt. 123  
Lebanon, Ohio 45036

To the Township Board of Trustees:

We have audited the financial statements of Turtlecreek Township, Warren County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 18, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio 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 as a basis for designing our audit procedures for expressing our opinion 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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.

We consider finding 2008-005 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated August 18, 2009.

#### **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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items, 2008-001 thru 2008-004.

We also noted certain noncompliance or other matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 18, 2009.

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



**Mary Taylor, CPA**  
Auditor of State

August 18, 2009

**TURTLECREEK TOWNSHIP  
WARREN COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2008-001**

**Finding for Recovery Repaid Under Audit– William A. Stevens Leave Payout**

Section 6.3 of the Turtlecreek Township Policy Manual, regarding vacation leave, states in pertinent part, that the employee shall accrue vacation leave per pay period, based on 52 weekly pay periods per year. The policy manual further states that a maximum of one year's earned vacation time may be carried forward from one year to the next year. Any unpaid vacation time will be paid to the employee when they leave the Township's employment.

On December 31, 2008, former Fire/EMS Chief William A. Stevens retired from service with the Township. Based upon Mr. Stevens' years of service, the maximum amount of leave allowed to be carried forward from one year to the next year was 160 hours. Therefore, according to Turtlecreek Township's policy, the maximum amount of vacation leave available to be paid out by the township to Mr. Stevens was 320 hours, consisting of 160 hours carried over from the previous year and 160 hours accrued throughout the year.

Contrary to the policy, Mr. Stevens was incorrectly allowed to carry over and be paid for 805.36 vacation hours during the 2008 fiscal year (amount paid out 325.36 + 480 hours used during the year). The table below details leaves payouts.

Actual Payout Amounts

	Payout	Used during year	Total
Hours	325.36	480	805.36
Rate	<u>\$35.65</u>	<u>\$35.65</u>	<u>\$35.65</u>
 Total paid	 \$11,599.08	 \$17,112	 \$28,711.08

Max per policy

	Carry over	Accrued	Total
(1)Hours	160	160	320
Rate	<u>\$35.65</u>	<u>\$36.65</u>	<u>\$35.65</u>
 Total paid	 \$5,704	 \$5,704	 \$11,408

**Overpayment of \$17,303.08**

(1) his hire date was 2/3/70 but did not become full-time to start accruing until 9/9/86  
 (1) Per Policy Manual, at 16-25 years of service (3.08hours/pay period = 160 hours/year)

**FINDING NUMBER 2008-001  
 (Continued)**

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued against Mr. William A. Stevens, former Fire/EMS Chief, in the amount of \$17,303.08 and in favor of Turtlecreek Township's General Fund.

William A. Stevens repaid \$17,303.08 to Turtlecreek Township's General Fund.

**Officials' Response:**

Officials did not respond to this finding.

**FINDING NUMBER 2008-002**

**Finding for Recovery Repaid Under Audit – Sandra Stevens estate Leave Payout**

Section 6.3 of the Turtlecreek Township Policy Manual, regarding vacation leave, states in pertinent part, that the employee shall accrue vacation leave per pay period, based on 52 weekly pay periods per year. The policy manual further states that a maximum of one year's earned vacation time may be carried forward from one year to the next year. Any unpaid vacation time will be paid to the employee when they leave the Township's employment.

On December 31, 2006, former Assistant EMS Chief Sandra Stevens retired. Based upon Ms. Stevens' years of service, the maximum amount of leave allowed to be carried over was 120 hours or 15 days. Therefore, according to Turtlecreek Township's policy, the , maximum amount of vacation leave available to be paid out by the township to Ms. Stevens was 240 hours, consisting of 120 hours carried over from the previous year and 120 hours accrued throughout the year.

Contrary to the policy, Ms. Stevens was incorrectly allowed to carry over and be paid for 401.29 vacation hours during the 2008 fiscal year (amount paid out 385.29 + 16 hours used during the year). The table below details leaves payouts.

Actual Payout Amounts

	Payout	Used during year	Total
Hours	385.29	16	401.29
Rate	<u>\$24.76</u>	<u>\$24.76</u>	<u>\$24.76</u>
Total paid	\$9,539.78	\$396.16	\$9,935.94

Max per policy

	Carry over	Accrued	Total
(1)Hours	120	120	240
Rate	<u>\$24.76</u>	<u>\$24.76</u>	<u>\$24.76</u>
Total paid	\$2,971.20	\$2,971.20	\$5,942.40

**Overpayment of \$3,993.54**

(1)her hire date was 4/4/94

(1)Per Policy Manual, at 9-15 years of service (2.31hours/pay period = 120 hours/year)

**FINDING NUMBER 2008-002  
 (Continued)**

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued against Ms. Sandra Stevens' estate, in the amount of \$3,993.54 and in favor of Turtlecreek Township's General Fund.

\$3,993.54 was repaid to Turtlecreek Township's General Fund.

**Officials' Response:**

Officials did not respond to this finding.

**FINDING NUMBER 2008-003**

**Finding for Recovery – H. Gene Bustle Leave Payout**

Section 6.3 of the Turtlecreek Township Policy Manual, regarding vacation leave, states in pertinent part, that the employee shall accrue vacation leave per pay period based on 52 weekly pay periods per year. The policy manual further states that a maximum of one year's earned vacation time may be carried forward from one year to the next year. Any unpaid vacation time will be paid to the employee when they leave the Township's employment.

On December 31, 2008, former Road Supervisor H. Gene Bustle retired. Based upon Mr. H. Gene Bustle's years of service, the maximum amount of leave allowed to be carried over was 120 hours or 15 days. Therefore, according to Turtlecreek Township's policy, the maximum amount of vacation leave available to be paid out by the township to Mr. Bustle was 240 hours, consisting of 120 hours carried over from the previous year and 120 hours accrued throughout the year.

Contrary to the policy, Mr. Bustle was incorrectly allowed to carry over and be paid for 634.54 vacation hours during the 2008 fiscal year (amount paid out 283.29 + 351.25 hours used during the year). The table below details leaves payouts.

Actual Payout Amounts

	Payout	Used during year	Total
Hours	283.29	351.25	634.54
Rate	<u>\$21.75</u>	<u>\$21.75</u>	<u>\$21.75</u>
Total paid	\$6,161.56	\$7,639.69	\$13,801.25

Max per policy

	Carry over	Accrued	Total
(1)Hours	120	120	240
Rate	<u>\$21.75</u>	<u>\$21.75</u>	<u>\$21.75</u>
Total paid	\$2,610	\$2,610	\$5,220

**Overpayment of \$8,581.25**

- (1) hire date was 5/4/98
- (1) Per Policy Manual, at 9-15 years of service (2.31hours/pay period = 120 hours/year)

**FINDING NUMBER 2008-003  
(Continued)**

The checks for the overpayment of vacation leave were signed by Fiscal Officer Tammy Boggs and Township Trustees Jim VanDeGrift, Daniel Jones, and Michael Shaffer.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued against Mr. H. Gene Bustle in the amount of \$8,581.25 and in favor of Turtlecreek Township's General Fund.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure.

Seward v. National Surety Co. (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property 1980 Op. Att'y Gen. No. 80-074.

Therefore, because the Fiscal Officer Tammy Boggs, and Township Trustees Jim VanDeGrift, and Daniel Jones, signed the warrants relating to the illegal expenditure in the amount of \$8,581.25, they and their bonding company, Ohio Farmers Insurance and Travelers Casualty and Surety Company of America, are jointly and severally liable in the amount of \$8,581.25 and in favor of Turtlecreek Township's General Fund to the extent that payment is not received from H. Gene Bustle.

Trustee Shaffer signed warrants relating to the illegal expenditures in the amount of \$5,401.62, therefore, he and his bonding company, Ohio Farmers Insurance, are jointly and severally liable in the amount of \$5,401.62, and in favor of Turtlecreek Township's General Fund to the extent that recovery is not obtained from H. Gene Bustle.

**Officials' Response:**

Officials did not respond to this finding.

**FINDING NUMBER 2008-004**

**Material Noncompliance**

**Ohio Revised Code, § 5705.39**, states that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The township failed to file their appropriations with the county auditor during FY 08; therefore, the county auditor could not issue the certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

We recommend that the township file their appropriations with the county auditor.

**Officials' Response:**

Officials did not respond to this finding.

**FINDING NUMBER 2008-005**

**Significant Deficiency**

The Township posted the following receipts to various incorrect line items in both the General and Special Revenue Funds. While there was no effect on the total revenues or ending fund balance of either the General or Special Revenue Funds, the following reclassifications were proposed:

**2008 General Fund**

<b>Purpose</b>	<b>Reclassification</b>	<b>Amount</b>
Refund	Special Items	(\$48,000)
	Miscellaneous	48,000

**2007 Special Revenue Fund**

<b>Purpose</b>	<b>Reclassification</b>	<b>Amount</b>
EMS, and Ambulance Receipts	Miscellaneous	(\$286,529)
	Charges for Services	286,529

All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding certain objectives, including the reliability of financial reporting. Financial statement presentation is designed to provide an accurate picture of the financial condition of the Township.

Lack of effective oversight over the financial reporting process resulted in a material misclassification of the financial statements. The Township has posted these reclassifications to the financial statements. Material misclassifications could result in erroneous assumptions by financial statement users. The Township should develop control procedures to monitor the accuracy of the financial statements.

**Officials' Response:**

Officials did not respond to this finding.







Mary Taylor, CPA  
Auditor of State

**TURTLECREEK TOWNSHIP**

**WARREN COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 19, 2009**