

DEERCREEK TOWNSHIP
MADISON COUNTY, OHIO

Audited Financial Statements

For the Year Ended December 31, 2005



Mary Taylor, CPA
Auditor of State

January 12, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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**Auditor of State
Betty Montgomery**

Board of Trustees
Deercreek Township
1945 Cumberland Road
London, Ohio 43140

We have reviewed the *Independent Auditor's Report* of Deercreek Township, Madison County, prepared by Van Krevel & Company, for the audit period January 1, 2005 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. Deercreek Township, Madison County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

January 5, 2007

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VAN KREVEL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
5201 INDIAN HILL ROAD
DUBLIN, OHIO 43017

Independent Auditor's Report

To the Board of Trustees
Deercreek Township-Madison County, Ohio
1945 Cumberland Road SE
London, Ohio 43140-8820

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Deercreek Township, Madison County, Ohio (the Township) as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express 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 *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 our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of Deercreek Township, Madison County, Ohio, as of December 31, 2005, and the respective changes in modified cash financial position for the year then ended on the basis of accounting described in Note 2.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Government Accounting Standard No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The aforementioned revision in generally accepted principles also requires Deercreek Township to include Management's Discussion and Analysis for the year ended December 31, 2005. Deercreek 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.

Deercreek Township
Madison County, Ohio
Independent Auditor's Report
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2006, 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. 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 in considering the results of our audit.

/s/ Van Krevel & Company
Dublin, Ohio

November 14, 2006

Deercreek Township
Madison County, Ohio

Statement of Net Assets - Modified Cash Basis
December 31, 2005

	<u>Governmental Activities</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	<u>\$389,246</u>
Total Assets	<u><u>\$389,246</u></u>
 NET ASSETS	
Restricted:	
Other Purposes	\$252,705
Unrestricted	<u>136,541</u>
Total Net Assets	<u><u>\$389,246</u></u>

Deercreek Township
Madison County, Ohio

Statement of Activities - Modified 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	Governmental Activities
Governmental Activities:				
General Government	\$ 72,440	\$	\$	\$(72,440)
Public Safety	30,549			(30,549)
Public Works	47,191		98,354	51,163
Health	10,208	9,903		(305)
Capital Outlay	<u>9,255</u>	<u> </u>	<u> </u>	<u>(9,255)</u>
Total Governmental Activities	<u>\$169,643</u>	<u>\$9,903</u>	<u>\$98,354</u>	\$ (61,386)
General Receipts:				
Property Taxes				\$ 73,457
Grants and Entitlements not Restricted to Specific Programs			32,000	
Earnings on Investments				4,523
Miscellaneous				<u>1,537</u>
Total General Receipts				<u>111,517</u>
Changes in Net Assets				50,131
Net Assets-Beginning of the Year				<u>339,115</u>
Net Assets-End of the Year				<u>\$389,246</u>

Deercreek Township
Madison County, Ohio

Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in Pooled Cash and Cash Equivalents	<u>\$136,541</u>	<u>\$188,814</u>	<u>\$49,302</u>	<u>\$14,589</u>	<u>\$389,246</u>
Total Assets	<u>\$136,541</u>	<u>\$188,814</u>	<u>\$49,302</u>	<u>\$14,589</u>	<u>\$389,246</u>
Fund Balances:					
Reserved:					
Reserved for Encumbrances	\$ 2,919	\$	\$ 2,721	\$	\$ 5,640
Unreserved:					
Undesignated, Reported in:					
General Fund	133,622				133,622
Special Revenue Funds	<u> </u>	<u>\$188,814</u>	<u>\$46,581</u>	<u>14,589</u>	<u>249,984</u>
Total Fund Balances	<u>\$136,541</u>	<u>\$188,814</u>	<u>\$49,302</u>	<u>\$14,589</u>	<u>\$389,246</u>

Deercreek Township
Madison County, Ohio

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

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receipts:					
Local Taxes	\$ 35,308	\$	\$31,746	\$	\$ 67,054
Charges for Services				4,175	4,175
Licenses, Permits and Fees				2,028	2,028
Intergovernmental	35,190	91,959	3,213	6,392	136,754
Earnings on Investments	4,523			3	4,526
Miscellaneous	<u>200</u>		<u>1,337</u>	<u>3,700</u>	<u>5,237</u>
Total Receipts	<u>75,221</u>	<u>91,959</u>	<u>36,296</u>	<u>16,298</u>	<u>219,774</u>
Disbursements:					
Current:					
General Government	72,440				72,440
Public Safety			30,549		30,549
Public Works	3,141	39,759		4,291	47,191
Health	4,040			6,168	10,208
Capital Outlay	<u>2,750</u>	<u>2,255</u>		<u>4,250</u>	<u>9,255</u>
Total Disbursements	<u>82,371</u>	<u>42,014</u>	<u>30,549</u>	<u>14,709</u>	<u>169,643</u>
Excess of Receipts Over (Under) Disbursements	(7,150)	49,945	5,747	1,589	50,131
Fund Balances, January 1	<u>143,691</u>	<u>138,869</u>	<u>43,555</u>	<u>13,000</u>	<u>339,115</u>
Fund Balances, December 31	<u>\$136,541</u>	<u>\$188,814</u>	<u>\$49,302</u>	<u>\$14,589</u>	<u>\$389,246</u>

Deercreek Township
Madison County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts:				
Property and Other Local Taxes	\$ 33,300	\$ 33,300	\$ 35,309	\$ 2,009
Intergovernmental	29,647	29,647	35,190	5,543
Earnings on Investments	1,500	1,500	4,522	3,022
Miscellaneous	<u>300</u>	<u>300</u>	<u>200</u>	<u>(100)</u>
Total Receipts	<u>64,747</u>	<u>64,747</u>	<u>75,221</u>	<u>10,474</u>
Disbursements:				
Current:				
General Government	90,348	90,348	75,360	14,988
Public Works	4,295	4,295	3,140	1,155
Health	9,000	9,000	4,040	4,960
Capital Outlay	<u>52,800</u>	<u>52,800</u>	<u>2,750</u>	<u>50,050</u>
Total Disbursements	<u>156,443</u>	<u>156,443</u>	<u>85,290</u>	<u>71,153</u>
Excess of Receipts Over (Under) Disbursements	(91,696)	(91,696)	\$(10,069)	81,627
Fund Balances, January 1	<u>143,691</u>	<u>143,691</u>	<u>143,691</u>	<u> </u>
Fund Balances, December 31	<u>\$ 51,995</u>	<u>\$ 51,995</u>	<u>\$133,622</u>	<u>\$ 81,627</u>

Deercreek Township
Madison County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts:				
Intergovernmental	\$ 71,250	\$ 71,250	\$ 91,959	\$ 20,709
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Receipts	<u>71,250</u>	<u>71,250</u>	<u>91,959</u>	<u>20,709</u>
Disbursements:				
Current:				
Public Works	70,644	70,644	39,759	30,885
Capital Outlay	<u>93,000</u>	<u>93,000</u>	<u>2,255</u>	<u>90,745</u>
Total Disbursements	<u>163,644</u>	<u>163,644</u>	<u>42,014</u>	<u>121,630</u>
Excess of Receipts Over (Under) Disbursements	(92,394)	(92,394)	49,945	142,339
Fund Balances, January 1	<u>138,869</u>	<u>138,869</u>	<u>138,869</u>	
Fund Balances, December 31	<u>\$ 46,475</u>	<u>\$ 46,475</u>	<u>\$188,814</u>	<u>\$142,339</u>

Deercreek Township
Madison County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual - Budget Basis
Fire Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts:				
Property and Other Local Taxes	\$ 24,750	\$ 24,750	\$ 31,746	\$ 6,996
Intergovernmental	2,724	2,724	3,213	489
Miscellaneous	<u>500</u>	<u>500</u>	<u>1,337</u>	<u>837</u>
Total Receipts	<u>27,974</u>	<u>27,974</u>	<u>36,296</u>	<u>8,322</u>
Disbursements:				
Current:				
Public Safety	56,877	56,877	33,270	23,607
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Disbursements	<u>56,877</u>	<u>56,877</u>	<u>33,270</u>	<u>23,607</u>
Excess of Receipts Over (Under) Disbursements	(28,903)	(28,903)	3,026	31,929
Fund Balances, January 1	<u>43,555</u>	<u>43,555</u>	<u>43,555</u>	
Fund Balances, December 31	<u>\$ 14,652</u>	<u>\$ 14,652</u>	<u>\$ 46,581</u>	<u>\$ 31,929</u>

Deercreek Township
Madison County, Ohio

Notes to the Financial Statements
December 31, 2005

1 REPORTING ENTITY

Deercreek Township, Madison County, Ohio (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three member Board of Trustees. The Township also has an elected Township Clerk.

The reporting entity is comprised of the primary government.

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 governmental services, including road and bridge maintenance and cemetery maintenance. The Township contracts with the Central Township Fire Department to provide fire services and the Madison Emergency Medical District to provide ambulance services.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2C, these financial statements are presented on a modified cash basis of accounting. This modified 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 modified cash basis of accounting. 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.

1 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. The statements distinguish between those activities of the Township that are governmental and those that are considered business type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non exchange transactions. Deercreek Township has no business type activities.

Deercreek Township
Madison County, Ohio

Notes to the Financial Statements
December 31, 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grant and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interested earned on grants that are 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 activity is self financing on a modified cash basis or draws from the Township's general receipts.

2 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. Non major funds are aggregated and presented in a single column.

The fund statements report all other receipts and disbursements as non operating.

B Fund Accounting

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

1 Governmental Funds

The Township classified funds financed primarily from taxes, intergovernmental receipts (e.g., grants) and other non exchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund and Fire Fund.

General 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 the State of Ohio.

Deercreek Township
Madison County, Ohio

Notes to the Financial Statements
December 31, 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2 Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. The Township has the following significant Special Revenue Funds.

Gasoline Tax Fund

This fund receives monies from road use taxes and is available for payroll and to pay for constructing, maintaining and repairing Townships roads.

Fire Fund

This fund receipts tax monies for the purpose of maintaining, repairing and improving the fire house and its contents, fire equipment and all related services.

C Basis of Accounting

The Township's financial statements are prepared using the modified 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 modified 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.

D Budgetary Process

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

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

Deercreek Township
Madison County, Ohio

Notes to the Financial Statements
December 31, 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

E Cash and Investments

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."

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 was \$4,523.

F 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.

G Interfund Receivables/Payables

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

H 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 8 and 9, the employer contributions include portions for pension benefits and post retirement health care benefits.

Deercreek Township
Madison County, Ohio

Notes to the Financial Statements
December 31, 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I 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.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted or unrestricted net assets are available.

The Township had no restricted assets in 2005.

3 CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

For 2004, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2005, the Township has implemented the modified cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with non major funds aggregated and presented in a single column rather than a column for each fund type.

The transition from the regulatory basis of accounting to the modified cash basis of accounting generated the following changes to fund balance/equity as previously reported at December 31, 2004. The calculation of net assets of governmental activities at December 31, 2004, is also presented.

4 BUDGETARY BASIS OF ACCOUNTING

The budgetary basis of accounting as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual - Budgetary Basis that are presented for the General Fund, Gasoline Tax Fund and the Fire Fund were prepared on the budgetary basis to provide meaningful comparison of actual results with the budget.

5 DEPOSITS AND INVESTMENTS

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, \$289,246 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.

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 with the Township or a qualified trustee by the financial institution as security for repayment.

Deercreek Township
Madison County, Ohio

Notes to the Financial Statements
December 31, 2005

6 PROPERTY TAX

Property taxes include amounts levied against all real property, public utility property and tangible personal property located in the Township. 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% of appraised market value. Real property taxes are payable annually or semiannually.

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% of true value for capital assets and 23% for inventory.

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 as required by Ohio Law.

The Township has obtained commercial insurance for the following risks:

Comprehensive property and general liability
Vehicles
Errors and omissions

8 DEFINED BENEFIT PENSION PLAN

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 plan is a defined contribution plan in which the member invests both member and employer contributions. (Employer contributions vest over a 5 year period at the rate of 20% 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 this plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions are self-directed by the member and accumulate retirement assets in a manner similar to the member directed plan.

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5% of their annual covered salaries. The Township's pension contributions were 13.55% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

Deercreek Township
Madison County, Ohio

Notes to the Financial Statements
December 31, 2005

9 POST EMPLOYMENT BENEFITS

The Ohio Public Employees Retirement System (OPERS) provides post retirement health care coverage to age and service retirees with ten or more years of service of qualifying 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 post retirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit as 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 post retirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55% of covered payroll; 4% of covered payroll was the portion that was used to fund health care.

10 JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATION

Central Township Fire Department, Madison County, Ohio (the Department) was incorporated on March 26, 1969, and is a governmental non-for-profit corporation legally separate from any other entity. The Department is owned by four townships: Deercreek, Union, Oak Run and Paint. The Department is directed by an appointed twelve member Board of Trustees consisting of the elected Trustees from each participating township.

The Department receives the majority of its revenues from contracts with the participating townships, as well as two additional townships, Monroe and Somerford Townships. The participating townships pay the Department 8/10 of one mill times the total valuation of said township, while the non-participating townships pay the Department 1.20 mills times the total valuation of said township for fire protection and rescue services. The Department rents a fire station from Deercreek Township (the Township) for \$500 annually. The Township disbursed \$21,227, to the Department and purchased \$9,322 worth of supplies and other expenses for the fire station in 2005.

Further detailed financial information may be obtained by contacting the Central Township Fire Department at 8695 State Route 56, Mt. Sterling, Ohio 43143.

The Madison Emergency Medical District (the District) provides ambulance services within the District and by contract to areas outside the District. The District is directed by an appointed six member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are the City of London, Deercreek Township, Monroe Township, Oak Run Township, Paint Township and Union Township.

VAN KREVEL & COMPANY
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5201 INDIAN HILL ROAD
DUBLIN, OHIO 43017

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Deercreek Township
Madison County, Ohio
1945 Cumberland Road SE
London, Ohio 43140-8820

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of Deercreek Township, Madison County, Ohio (the Township) as of and for the year ended December 31, 2005, which collectively comprise the township's basic financial statements, and have issued our report thereon dated November 14, 2006, wherein we noted that the Township revised its financial statements for 2005, making them comparable to the requirements of Government Auditing Standard No. 34, *Basic Financial Statements - and Management 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of Deercreek Township in a separate letter dated November 14, 2006.

Deercreek Township
Madison County, Ohio
Report on Internal Control Over Financial Reporting and on
Compliance with Other Matters Based on an Audit of Financial Statements
Performed in accordance with *Government Auditing Standards*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

/s/ Van Krevel & Company
Dublin, Ohio

November 14, 2006



Mary Taylor, CPA
Auditor of State

DEERCREEK TOWNSHIP

MADISON 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
JANUARY 18, 2007**