



Mary Taylor, CPA
Auditor of State

**TURTLECREEK TOWNSHIP
WARREN COUNTY**

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WARREN COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Turtlecreek Township
Warren County
670 North State Route 123
Lebanon, Ohio 45036

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Turtlecreek Township, Warren County, Ohio (the Township), as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Turtlecreek Township, Warren County, Ohio, as of December 31, 2006, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund, Road and Bridge fund, Ambulance Special Levy fund and Special Levy Fire Department fund, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Mary Taylor, CPA
Auditor of State

April 11, 2008

Turtlecreek Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

This discussion and analysis of the Turtlecreek Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, within the limitations of the Township's modified 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 2006 are as follows:

Net assets of governmental activities decreased \$ 452,627, or 6.26 percent. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs and the balance of construction costs in 2006; however, cost increases affected most funds.

The Township's general receipts are primarily various types of taxes and other distributions. The tax receipts represent 48.61 percent of the total cash received for governmental activities during the year. Property tax receipts for 2006 increased very little compared to 2005.

The township is developing a park on approximately 25 acres on Greentree Road. Plans include children's play sets, shelters, walking trails, and disc golf course. There will be no charges or fees for use the facilities at the present time.

The grand total of the annual appropriations for 2006 was \$8,881,140.

Major purchases for 2006 were as follows:

New Ambulance	\$159,463
Annual Road Work Contract	\$229,560

A large development, 3500 acres, is planned for the east side of the township. The proposed development will include lot sizes from ½ acre to 10+ acres. A small village called Village of SanMarGale is planned for the intersection of Oregonia and Waynesville Roads. There has been opposition to the development and a petition with enough signatures to place the issue on the November ballot. In November the residents voted against the opposition issues and approved the scope of the development. The developers will continue with their plans.

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 modified cash basis of accounting.

Report Components

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

Turtlecreek Township
Management's Discussion and Analysis
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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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006, within the limitations of modified 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 activity. 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 modified 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 taxes and other taxes (i.e. Estate and Excise Tax).

Turtlecreek Township has no component units (or business type activities).

Turtlecreek Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
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Reporting the Township's Most Significant Funds

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

All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine 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 non major 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, Road and Bridge Fund, Ambulance Special Levy Fund, and Special Levy Fire Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

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

	Net Assets	
	Governmental	Activities
	2005	2006
Assets		
Cash and Cash Equivalents	659,405	220,673
Investments	6,571,389	6,557,493
Total Assets	\$7,230,794	\$6,778,166
Net Assets		
Restricted for:		
Other Purposes	872,507	874,805
Unrestricted	6,358,287	5,903,361
Total Net Assets	\$ 7,230,794	6,778,166

As mentioned previously, net assets of governmental activities decreased \$ 452,627 or 6.26 percent during 2006. The primary reasons contributing to the decreases in cash balances are as follows:

- Increases in salaries ranging from 3% to 5%.
- The Township had several roads that were in very poor condition that needed extensive repairs costing in excess of \$ 237,238.

Turtlecreek Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

- In 2006, the Township made a payment on debt for the new Township Central Facility in the amount of \$ 304,777 (principal and interest).
- Health benefit costs grew substantially as several employees experienced significant health problems and change of age bracket. Dental insurance was secured from another carrier.

Table 2 reflects the changes in net assets from 2006 to 2005.

Table 2		
Changes in Net Assets		
Governmental		
Activities		
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$309,101	\$266,367
Operating Grants and Contributions	209,671	111,626
Capital Grants and Contributions		
Total Program Receipts	518,772	377,993
General Receipts:		
Property and Other Local Taxes	1,052,961	961,858
Grants and Entitlements not restricted to Specific Program	255,465	504,547
Sale of Fixed Assets	31,106	438,886
Interest	261,336	291,174
Miscellaneous	46,475	84,432
Total General Receipts	1,647,343	2,280,897
Total Receipts	2,166,115	2,658,890
Disbursements:		
General Government	341,863	343,582
Security of Persons and Property:	573,553	541,250
Public Health Services	5,967	7,054
Leisure Time Activities	36,850	58,730
Public Works	885,126	790,342
Capital Outlay	470,695	2,624,140
Principal Retirement	150,000	150,000
Interest and Fiscal Charges	154,688	162,938
Total Disbursements	2,618,742	4,678,036
Excess (Deficiency) Before Transfers	(452,627)	(2,019,146)
Transfers		
Increase (Decrease) in Net Assets	(452,627)	(2,019,146)
Net Assets, January 1, 2006	7,230,794	9,249,940
Net Assets, December 31, 2006	\$6,778,167	\$7,230,794

Turtlecreek Township
Management's Discussion and Analysis
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Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of trustees, and the fiscal officer, as well as internal services such as payroll and purchasing. These costs do not represent direct services to residents.

Public Safety is the cost of EMS service and fire protection; Health is the health department; Public Works is the cost of maintaining the roads, ditches, and bridges; Conservation – Recreation is the cost of maintaining the park.

Governmental Activities

If you look at the Statement of Activities on page 1 of the Annual Financial Statement, Modified Cost Basis, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Works and Public Safety, which account for 24.04 and 27.37 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 14.33 percent. 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.

(Table 3)

Governmental Activities

	Total Cost Of Services 2006	Net Cost of Services 2006
	<u>2006</u>	<u>2006</u>
General Government	\$341,863	\$341,863
Public Safety	573,553	573,553
Public Works	885,126	653,095
Health	5,967	5,092
Conservation-Recreation	36,850	36,850
Capital Outlay	470,695	470,695
Principal Retirement	150,000	150,000
Interest and Fiscal Charges	154,688	154,688
Total Expenses	<u><u>\$2,618,742</u></u>	<u><u>\$2,385,836</u></u>

The dependence upon property and other tax receipts is apparent as over 40.2 percent of governmental activities are supported through these general receipts.

Turtlecreek Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

The Township's Funds

Total governmental funds had receipts of \$ 2,166,115 and disbursements of \$ 2,618,743. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$ 452,627 as the result of increased costs for salaries and benefits, not achieving anticipated growth of property tax receipts, and mainly due to capital expenditures.

General Fund receipts were less than disbursements by \$ 452,926 indicating that the General Fund is in a deficit spending situation for this year. This deficit was expected as equipment purchases were higher than normal costs were in the General Fund.

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.

Final disbursements were budgeted at \$ 5,493,282 while actual disbursements were \$ 1,405,037. Although receipts were less than expected, appropriations were not reduced. The Township kept spending under the budgeted amounts as demonstrated by the reported variances. The result is the decrease in fund balance of \$ 687,075 for 2006

In 2006, more property tax dollars were received in the Road and Bridge fund, which resulted in more funds available to be used on road projects. Total Fund balance decreased by \$116,780. The fund balance in the Ambulance Special Levy fund increased due to an increase of ambulance runs in 2006, however the increase in receipts were somewhat offset by improvements to the facilities. Special Levy Fire fund balance increased due to an increase in property tax dollars.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure. The Township contracts with Industrial Appraisal Company to accomplish this task and is in the process of entering the necessary information. The program is usually completed in the first quarter of the following year. In 2006 the inventory will be completely revised. This is planned due to the fact that the new building and the move from the former location will generate many additions and deletions.

Debt

At December 31, 2006, the Township's outstanding debt was \$ 2,700,000 in general obligation bonds issued for new construction of buildings and structures. For further information regarding the Township's debt, refer to Schedule of Outstanding Debt in the annual financial statements.

Turtlecreek Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
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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 property taxes, levies and other state distributions and have very little industry to support the tax base. The large estate tax settlements we have received in the past have been the only reason we have not needed an additional levy. All departments operate very frugally and have very little room to reduce.

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 Lois Stovall, Fiscal Officer, Turtlecreek Township, 670 North State Route 123, Lebanon, Ohio 45036.

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TURTLECREEK TOWNSHIP, WARREN COUNTY

Statement of Net Assets - Modified Cash Basis

December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$220,673
Investments	6,557,493
<i>Total Assets</i>	<u><u>\$6,778,166</u></u>
Net Assets	
Restricted for:	
Road and Bridge	58,222
Ambulance Special Levy	432,990
Fire	264,771
Other Purposes	118,822
Unrestricted	5,903,361
<i>Total Net Assets</i>	<u><u>\$6,778,166</u></u>

See accompanying notes to the basic financial statements

TURTLECREEK TOWNSHIP, WARREN COUNTY

Statement of Activities - Modified Cash Basis

For the Year Ended December 31, 2006

	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	\$341,863	\$0	\$0	(\$341,863)
Public Safety	573,553	285,865	0	(287,688)
Public Works	885,126	22,361	209,671	(653,094)
Health	5,967	875	0	(5,092)
Conservation-Recreation	36,850	0	0	(36,850)
Capital Outlay	470,695	0	0	(470,695)
Debt Service:				
Principal	150,000	0	0	(150,000)
Interest	154,688	0	0	(154,688)
<i>Total Governmental Activities</i>	<u>\$2,618,743</u>	<u>\$309,101</u>	<u>\$209,671</u>	<u>(2,099,971)</u>
General Receipts				
Property Taxes				\$1,012,869
Other Taxes				40,092
Grants and Entitlements not Restricted to Specific Programs				255,465
Sale of Fixed Assets				31,106
Earnings on Investments				261,336
Miscellaneous				46,475
<i>Total General Receipts</i>				<u>1,647,343</u>
Change in Net Assets				(452,627)
<i>Net Assets Beginning of Year</i>				<u>7,230,794</u>
<i>Net Assets End of Year</i>				<u><u>\$6,778,166</u></u>

See accompanying notes to the basic financial statements

TURTLECREEK TOWNSHIP, WARREN COUNTY

Statement of Modified Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2006

	GENERAL	ROAD AND BRIDGE	AMBULANCE SPECIAL LEVY	SPECIAL LEVY FIRE DEPARTMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets						
Equity in Pooled Cash and Cash Equivalents	\$15,060	\$46,622	\$20,849	\$57,859	\$80,282	\$220,673
Investments	5,888,301	11,600	412,141	206,912	38,540	6,557,493
<i>Total Assets</i>	<u>\$5,903,361</u>	<u>\$58,222</u>	<u>\$432,990</u>	<u>\$264,771</u>	<u>\$118,822</u>	<u>\$6,778,166</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$232,149	\$7,335	\$14,640	\$112,018	\$4,723	\$370,865
Unreserved:						
Undesignated, Reported in:						
General Fund	5,671,212	0	0	0	0	5,671,212
Special Revenue Funds	0	50,888	418,350	152,753	114,099	736,090
<i>Total Fund Balances</i>	<u>\$5,903,361</u>	<u>\$58,222</u>	<u>\$432,990</u>	<u>\$264,771</u>	<u>\$118,822</u>	<u>\$6,778,166</u>

See accompanying notes to the basic financial statements

TURTLECREEK TOWNSHIP, WARREN COUNTY

Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances

Governmental Funds

For the Year Ended December 31, 2006

	GENERAL	ROAD AND BRIDGE	AMBULANCE SPECIAL LEVY	SPECIAL LEVY FIRE DEPARTMENT	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts						
Property and Other Local Taxes	\$152,347	\$309,678	\$135,796	\$313,491	\$62,766	\$974,077
Charges for Services	0	0	285,865	0	0	285,865
Licenses, Permits and Fees	0	0	0	0	425	425
Intergovernmental	243,830	54,306	26,418	43,296	146,906	514,755
Special Assessments	0	0	0	0	22,361	22,361
Earnings on Investments	259,310	0	0	0	2,026	261,336
Miscellaneous	32,669	11,493	28,240	3,338	450	76,190
Total Receipts	688,156	375,476	476,319	360,124	234,933	2,135,009
Disbursements						
Current:						
General Government	341,863	0	0	0	0	341,863
Public Safety	16,082	0	247,050	310,421	0	573,553
Public Works	204,100	492,255	0	0	188,771	885,126
Health	5,376	0	0	0	591	5,967
Conservation-Recreation	36,850	0	0	0	0	36,850
Capital Outlay	263,929	0	184,767	0	22,000	470,695
Debt Service:						
Principal Retirement	150,000	0	0	0	0	150,000
Interest and Fiscal Charges	154,688	0	0	0	0	154,688
Total Disbursements	1,172,888	492,255	431,816	310,421	211,362	2,618,743
Excess of Receipts Over (Under) Disbursements	(484,732)	(116,779)	44,503	49,704	23,571	(483,734)
Other Financing Sources (Uses):						
Sale of Fixed Assets	31,106	0	0	0	0	31,106
Advances In	1,750	0	0	0	3,050	4,800
Advances Out	(3,050)	0	0	0	(1,750)	(4,800)
Total Other Financing Sources (Uses)	29,806	0	0	0	1,300	31,106
Net Change in Fund Balances	(454,926)	(116,779)	44,503	49,704	24,871	(452,627)
Fund Balances Beginning of Year	6,358,287	175,002	388,487	215,068	93,950	7,230,794
Fund Balances End of Year	\$5,903,361	\$58,222	\$432,990	\$264,771	\$118,822	\$6,778,166

See accompanying notes to the basic financial statements

TURTLECREEK TOWNSHIP, WARREN COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

General Fund

For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$145,000.00	\$145,000.00	\$152,347.29	\$7,347
Intergovernmental	490,344.35	490,344.35	243,829.52	(246,515)
Earnings on Investments	345,050.00	345,050.00	259,310.03	(85,740)
Miscellaneous	19,842.95	19,842.95	32,669.22	12,826
<i>Total receipts</i>	<u>1,000,237</u>	<u>1,000,237</u>	<u>688,156</u>	<u>(312,081)</u>
Disbursements				
Current:				
General Government	1,022,847	1,022,847	360,161	662,686
Public Safety	130,000	130,000	16,082	113,918
Public Works	670,000	670,000	204,571	465,429
Health	114,300	114,300	5,376	108,924
Conservation-Recreation	295,095	295,095	36,956	258,139
Capital Outlay	2,956,263	2,956,263	477,203	2,479,060
Debt Service:				
Principal Retirement	150,000	150,000	150,000	0
Interest and Fiscal Charges	154,778	154,778	154,688	90
<i>Total Disbursements</i>	<u>5,493,282</u>	<u>5,493,282</u>	<u>1,405,037</u>	<u>4,088,245</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,493,045)</u>	<u>(4,493,045)</u>	<u>(716,881)</u>	<u>3,776,163</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	31,100	31,100	31,106	6
Transfers Out	(600,000)	(600,000)	0	600,000
Advances In	0	0	1,750	1,750
Advances Out	(200,000)	(200,000)	(3,050)	196,950
Other Financing Uses	<u>(180,000)</u>	<u>(180,000)</u>	<u>0</u>	<u>180,000</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(948,900)</u>	<u>(948,900)</u>	<u>29,806</u>	<u>978,706</u>
<i>Net Change in Fund Balance</i>	<u>(5,441,945)</u>	<u>(5,441,945)</u>	<u>(687,075)</u>	<u>4,754,870</u>
<i>Fund Balance Beginning of Year</i>	<u>6,025,491</u>	<u>6,025,491</u>	<u>6,025,491</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>332,796</u>	<u>332,796</u>	<u>332,796</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$916,342</u>	<u>\$916,342</u>	<u>\$5,671,212</u>	<u>\$4,754,870</u>

See accompanying notes to the basic financial statements

TURTLECREEK TOWNSHIP, WARREN COUNTY*Statement of Receipts, Disbursements and Changes**In Fund Balance - Budget and Actual -Budget Basis**Road and Bridge Fund**For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$286,000.00	\$286,000.00	\$309,677.64	\$23,678
Intergovernmental	48,000.00	48,000.00	54,305.61	\$6,306
Miscellaneous	26,887.15	26,887.15	11,492.88	(15,394)
<i>Total receipts</i>	<u>360,887</u>	<u>360,887</u>	<u>375,476</u>	<u>14,589</u>
Disbursements				
Current:				
Public Works	534,889	534,889	499,590	35,299
Capital Outlay	1,000	1,000	0	1,000
<i>Total Disbursements</i>	<u>535,889</u>	<u>535,889</u>	<u>499,590</u>	<u>36,299</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(175,002)</u>	<u>(175,002)</u>	<u>(124,114)</u>	<u>50,888</u>
<i>Net Change in Fund Balance</i>	(175,002)	(175,002)	(124,114)	50,888
<i>Fund Balance Beginning of Year</i>	<u>168,200</u>	<u>168,200</u>	<u>168,200</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>6,802</u>	<u>6,802</u>	<u>6,802</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$0)</u>	<u>(\$0)</u>	<u>\$50,888</u>	<u>\$50,888</u>

See accompanying notes to the basic financial statements

TURTLECREEK TOWNSHIP, WARREN COUNTY*Statement of Receipts, Disbursements and Changes**In Fund Balance - Budget and Actual -Budget Basis**Ambulance Special Levy Fund**For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$129,500	\$129,500	\$135,796	\$6,296
Charges for Services	0	0	285,865	285,865
Intergovernmental	23,500	23,500	26,418	2,918
Miscellaneous	165,100	165,100	28,240	(136,860)
<i>Total receipts</i>	<u>318,100</u>	<u>318,100</u>	<u>476,319</u>	<u>158,219</u>
Disbursements				
Current:				
Public Safety	383,733	383,733	261,690	122,043
Capital Outlay	322,854	322,854	184,767	138,088
<i>Total Disbursements</i>	<u>706,587</u>	<u>706,587</u>	<u>446,456</u>	<u>260,131</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(388,487)</u>	<u>(388,487)</u>	<u>29,863</u>	<u>418,350</u>
<i>Net Change in Fund Balance</i>	<u>(388,487)</u>	<u>(388,487)</u>	<u>29,863</u>	<u>418,350</u>
<i>Fund Balance Beginning of Year</i>	<u>377,954</u>	<u>377,954</u>	<u>377,954</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>10,533</u>	<u>10,533</u>	<u>10,533</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$0)</u>	<u>(\$0)</u>	<u>\$418,350</u>	<u>\$418,350</u>

See accompanying notes to the basic financial statements

TURTLECREEK TOWNSHIP, WARREN COUNTY*Statement of Receipts, Disbursements and Changes**In Fund Balance - Budget and Actual -Budget Basis**Special Levy Fire Department**For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
Receipts				
Property and Other Local Taxes	\$286,000	\$286,000	\$313,491	\$27,491
Intergovernmental	50,000	50,000	43,296	(6,704)
Miscellaneous	49,545	49,545	3,338	(46,208)
<i>Total receipts</i>	<u>385,545</u>	<u>385,545</u>	<u>360,124</u>	<u>(25,421)</u>
Disbursements				
Current:				
Public Safety	472,031	472,031	322,439	149,592
Capital Outlay	128,504	128,504	100,000	28,504
<i>Total Disbursements</i>	<u>600,535</u>	<u>600,535</u>	<u>422,439</u>	<u>178,096</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(214,990)</u>	<u>(214,990)</u>	<u>(62,315)</u>	<u>152,676</u>
<i>Net Change in Fund Balance</i>	(214,990)	(214,990)	(62,315)	152,676
<i>Fund Balance Beginning of Year</i>	<u>202,959</u>	<u>202,959</u>	<u>202,959</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>12,108</u>	<u>12,108</u>	<u>12,108</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$77</u>	<u>\$77</u>	<u>\$152,753</u>	<u>\$152,676</u>

See accompanying notes to the basic financial statements

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 1 – Reporting Entity

Turtlecreek Township, Warren County, Ohio (the Township) is a body politic and corporate established in 1804 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Turtlecreek Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer. The officials are elected to serve 4 year terms.

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

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, fire and emergency services. Police protection is provided by Warren County Sheriff's Office.

The Township has no component units.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, 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. 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 *modified* cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds because there are no business type activities or enterprise funds. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Turtlecreek Township has no business type activities.

The statement of net assets presents the cash and investment balances 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.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Government- Wide Financial Statements

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.

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

Turtlecreek 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, Road and Bridge Fund, Special Levy EMS Fund and Special Levy Fire 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 Road and Bridge Fund is used to account for all income and expenditures associated with road and right of way maintenance. The Special Levy funds are used to account for all income and expenditures of the fire and emergency medical services.

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

C. Basis of Accounting

Turtlecreek 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. Modifications made by the Township are described in Note 1 E.

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) are not recorded in these financial statements.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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 estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

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

E. Cash and Investments

Township records identify the purchase of specific investments by specific funds.

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 with an original maturity of three months or less at the time of purchase and investments of the cash management pool 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 interest receipts or capital losses respectively.

During 2006, the Township invested in government investments, money market mutual fund, and STAR Ohio. The Township's money market mutual fund investment is recorded at the amount reported by Lebanon Citizens National Bank on December 31, 2006. The governmental investments are overseen by Lebanon Citizens National Bank for a fee agreed upon; being a percentage of the income received.

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, 2006.

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 2006 was \$ 261,335 which includes approximately \$34,600 assigned from other Township funds.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements. Industrial Appraisal Company contracts for inventory tracking. Separate reports are available upon request.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements. Industrial Appraisal Company contracts for capital asset tracking. Separate reports are available upon request.

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

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

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road and bridge, ambulance special levy, and special levy fire. Restricted net assets for 2006 represent \$874,805 of a total fund balance of \$6,778,166. 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.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. An unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and advances.

O. Interfund Transactions

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is (and any major special revenue 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 modified cash basis is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified 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 (modified cash basis)). The encumbrances outstanding at year end (budgetary basis) amounted to \$232,149 for the general fund (and \$133,993 for major special revenue fund).

Note 4 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2006
(Continued)

Note 4 - Deposits and Investments (continued)

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

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

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, \$154,549 of the Township's bank balance of \$254,549 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

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.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2006
(Continued)

Note 4 - Deposits and Investments (continued)

Investments

As of December 31, 2006, the Township had the following investments:

	Carrying Value	Weighted Average Maturity	Percentage of Total Investments
Government Spon Securities:			
Federal Farm Credit Bank	\$ 255,312	1.29 yrs	3.9%
Federal Home Loan Bank	2,586,304	2.45	39.4
Federal Home Loan Mortg	698,495	1.87	10.7
Federal Natl Mortg Asso	2,263,121	1.49	34.5
Money Market Mutual Fund	44,748	0.0	0.7
STAR Ohio	709,513	N/A	10.8
Total Portfolio	<u>\$ 6,557,493</u>		

Interest rate risk arises because potential purchases of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities normally mature 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.

The Money Market Fund carries a rating of AAA by Standard and Poor's and STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statues. Ohio law requires that STAR Ohio maintain the highest rating provided 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 government sponsored enterprise notes 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."

The Lebanon Citizens National Bank manages the investments for the township. A separate accounting is used to report all transactions. Reports are generated on a monthly basis to the Township.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2006
(Continued)

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 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, 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. The Township receives semiannual payments in June and September.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, 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 true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2005, on the true value as of December 31, 2005. 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, 2006, was \$ 5.62 per \$1,000 of assessed value.

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

Real Property		
Residential	\$	172,658,670
Agricultural		21,992,230
Commercial/Industrial/Mineral		15,639,280
Tangible Personal Property		3,468,091
Public Utility		8,898,400
Total Assessed Value	\$	222,676,671

Note 6 – Capital Assets

The Township chooses not to report and depreciate capital assets resulting from cash transactions in the financial statements.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2006
(Continued)

Note 7 – 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 2006, 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.

Note 8 – 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.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2006
(Continued)

Note 8 – Defined Benefit Pension Plan (Continued)

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, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.00 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.10 percent of their annual covered salary; members in public safety contributed 9.00 percent. The Township's contribution rate for pension benefits for 2006 was 13.7 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 16.93 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, 2006, 2005, and 2004 were \$74187.74, \$71634.21, and \$70491.03 respectively. The full amount has been contributed for 2006, 2005 and 2004. Contributions to the member-directed plan for 20CY were \$0.00 made by the Township and \$0.00 made by the plan members.

B. Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 16.25 percent for police and 16.25 percent for full time firefighters. Contributions are authorized by State statute. The Township's contributions to the Fund for police and firefighters were \$0.00 and \$150.00 for the year ended December 31, 2006, \$0.00 and \$150.00 for the year ended December 31, 2005 and \$0.00 and \$150.00 for the year ended December 31, 2004. The full amount has been contributed for 2006, 2005 and 2004. Turtlecreek Township does not have policemen or full time firefighters therefore our only contribution is \$150.00 per year.

Note 9 - 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 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 2006 local government employer contribution rate was 13.70 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2006
(Continued)

Note 9 – Postemployment Benefits (continued)

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 6.30 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 369214. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$24370.67 (\$74187.74 X .3285). The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$ 11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$ 31.3 billion and \$ 20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total firefighter contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Township's actual contributions for 2006 that were used to fund postemployment benefits were \$0.00 for police and \$0.00 for firefighters as we have no full time firefighters. The OP&F's total health care expense for the year ended December 31, 2005 (the latest information available) was \$108,039,449.00, which was net of member contributions of \$55,271,881.00. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,992 for police and 10,537 for firefighters.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2006
(Continued)

Note 10 - Debt

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

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2006
<u>Administration Building Bonds</u>	5.5	\$950,000		\$50,000	\$900,000
<u>Fire Station Bonds</u>	5.5	<u>1,900,000</u>		<u>100,000</u>	<u>1,800,000</u>
Total		<u>\$2,850,000</u>	<u>\$0</u>	<u>\$150,000</u>	<u>\$2,700,000</u>

The bonds are 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
2007	\$ 150,000	\$ 146,437
2008	150,000	138,187
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	<u>\$2,700,000</u>	<u>\$1,373,616</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2006, were an overall debt margin of \$11,565,959.00 and an unvoted debt margin of \$22,080,468.00.

Note 11 - Construction and Contractual Commitments

Outstanding purchase orders on the new central facility were \$22,111.38 on December 31, 2006.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Turtlecreek Township
Warren County
670 North State Route 123
Lebanon, Ohio 45036

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Turtlecreek Township, Warren 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Turtlecreek Township, Warren County, Ohio, as of December 31, 2005, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund, Road and Bridge fund, Ambulance Special Levy fund and Special Levy Fire Department fund, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2005, 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*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Mary Taylor, CPA
Auditor of State

April 11, 2008

Turtlecreek Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

This discussion and analysis of the Turtlecreek Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's modified 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 are as follows:

Net assets of governmental activities decreased \$ 2,019,146, or 21.83 percent, 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 and construction costs in 2005; however, cost increases affected most funds.

The Township's general receipts are primarily property taxes, levy's and other distributions. The property tax receipts represent 36 percent of the total cash received for governmental activities during the year. Property tax receipts for 2005 increased very little compared to 2004 as development within the Township in increasing.

The sale of township property to the county for \$407,780 and construction of a new central facility which houses the fire and EMS services, road and bridge department and general administrative offices caused expenditures of \$2,264,140 in 2005 reflect some of the major financial events of the year.

The township is developing a park on approximately 25 acres on Greentree Road. Plans include children's play sets, shelters, walking trails, and disc golf course. There will be no charges for the facilities.

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 modified cash basis of accounting.

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.

Turtlecreek Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments 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 modified 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 non financial 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 taxes and other taxes (i.e. Excise and Estate Tax).

Turtlecreek Township has no component units (or business type activities)

Turtlecreek Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Reporting the Township's Most Significant Funds

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

All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine 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 non major 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, Road and Bridge Fund, Ambulance Special Levy Fund, and Special Levy Fire Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

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

(Table 1)

	Net Assets	
	Governmental	Activities
	2005	2004
Assets		
Cash and Cash Equivalents	659,405	716,545
Investments	6,571,389	8,533,395
Total Assets	<u>\$7,230,794</u>	<u>\$9,249,940</u>
 Net Assets		
Restricted for:		
Other Purposes	872,507	2,765,937
Unrestricted	6,358,287	6,484,003
Total Net Assets	<u>\$ 7,230,794</u>	<u>\$ 9,249,940</u>

As mentioned previously, net assets of governmental activities decreased \$ 2,019,146 or 21.83 percent during 2005. The primary reasons contributing to the decreases in cash balances are as follows:

- Increases in salaries ranging from 3% to 5%.
- The Township had several roads that were in very poor condition that needed extensive repairs costing in excess of \$ 242,067.

Turtlecreek Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

- In 2005, the Township made a payment on debt for the new Township Central Facility in the amount of \$ 312,938.
- Health benefit costs grew substantially as several employees experienced significant health problems and change of age bracket.

Table 2 reflects the changes in net assets in 2005. Since the Township did not prepare financial statements in this format for 2004, 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	
<hr style="border-top: 1px solid black;"/>	
Receipts:	
Program Receipts:	
Charges for Services	\$266,367
Operating Grants and Contributions	111,626
Total Program Receipts	<hr style="border-top: 1px solid black;"/> 377,993 <hr style="border-top: 1px solid black;"/>
General Receipts:	
Property and Other Local Taxes	961,856
Grants and Entitlements not Restricted to Specific Programs	504,547
Sale of Fixed Assets	438,886
Interest	291,174
Miscellaneous	84,432
Total General Receipts	<hr style="border-top: 1px solid black;"/> 2,280,895 <hr style="border-top: 1px solid black;"/>
Total Receipts	<hr style="border-top: 1px solid black;"/> 2,658,888 <hr style="border-top: 1px solid black;"/>
Disbursements:	
General Government	343,582
Public Safety	541,250
Health	7,054
Public Works	790,342
Conservation-Recreation	58,729
Capital Outlay	2,264,140
Principal Retirement	150,000
Interest and Fiscal Charges	162,937
Total Disbursements	<hr style="border-top: 1px solid black;"/> 4,318,034 <hr style="border-top: 1px solid black;"/>
Excess (Deficiency) Before Transfers	(1,659,146)
Increase (Decrease) in Net Assets	<hr style="border-top: 1px solid black;"/> (1,659,146)
Net Assets, January 1, 2004	<hr style="border-top: 1px solid black;"/> 9,249,940
Net Assets, December 31, 2005	<hr style="border-top: 1px solid black;"/> \$7,590,794 <hr style="border-top: 1px solid black;"/>

Program receipts represent only 8.8 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

Turtlecreek Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

General receipts represent 91.2 percent of the Township's total receipts. 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 Township activities. These include the costs of trustees, and the fiscal officer, as well as internal services such as payroll and purchasing. These costs do not represent direct services to residents.

Public Safety is the cost of EMS service and fire protection; Health is the health department; Public Works is the cost of maintaining the roads, ditches, and bridges; Conservation – Recreation is the cost of maintaining the park.

Governmental Activities

If you look at the Statement of Activities on page 1 of the Annual Financial Statement, Modified Cash Basis, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Works, Public Safety, and Capital Outlay which account for 11.6 16.7 and 52 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 7.3 percent. The next three columns of and 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.

(Table 3)

Governmental Activities

	Total Cost Of Services 2005	Net Cost of Services 2005
General Government	\$343,583	\$343,583
Public Safety	541,250	358,657
Health	7,054	6,754
Conservation - Recreation	58,729	58,729
Public Works	790,342	595,243
Capital Outlay	2,624,140	2,624,140
Principal Retirement	150,000	150,000
Interest and Fiscal Charges	162,937	162,937
Total Expenses	\$4,678,035	\$4,300,043

The dependence upon property and other tax receipts is apparent as over 20 percent of governmental activities are supported through these general receipts.

Turtlecreek Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The Township's Funds

Total governmental funds had receipts of \$ 2,658,889 and disbursements of \$ 4,678,035. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$ 2,138,382 as the result of increased costs for salaries and benefits, not achieving anticipated growth of property tax receipts, and mainly due to construction costs of the new facility.

General Fund receipts were less than disbursements by \$ 2,478,469 indicating that the General Fund is in a deficit spending situation for this year. This deficit was expected as the construction costs were in the General Fund.

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.

Final disbursements were budgeted at \$ 8,300,084 while actual disbursements were \$ 3,804,988. Although receipts failed to live up to expectations, appropriations were not reduced. The Township kept spending under the budgeted amounts as demonstrated by the reported variances. The result is the decrease in fund balance of \$ 2,138,382 for 2005.

In 2005, more property tax dollars were received in the Road and Bridge fund, which resulted in more funds available to be used on road projects. The fund balance in the Ambulance Special Levy fund increased due to an increase of ambulance runs in 2005, however the increase in receipts were somewhat offset by improvements to the facilities. Special Levy Fire fund balance increased due to an increase in property tax dollars.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure. The Township contracts with Industrial Appraisal Company to accomplish this task and is in the process of entering the necessary information. The program is usually completed in the first quarter of the following year. In 2006 the inventory will be completely revised. This is planned due to the fact that the new building and the move from the former location will generate many additions and deletions.

Debt

At December 31, 2005, the Township's outstanding debt was \$ 2,850,000 in general obligation bonds issued for new construction of buildings and structures. For further information regarding the Township's debt, refer to Schedule of Outstanding Debt in the annual financial statements.

Turtlecreek Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

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 property taxes, levys and other state distributions and have very little industry to support the tax base. The large estate tax settlements we have received in the past have been the only reason we have not needed an additional levy. All departments operate very frugally and have very little room to reduce.

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 Lois Stovall, Fiscal Officer, Turtlecreek Township, 670 North State Route 123, Lebanon, Ohio 45036.

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TURTLECREEK TOWNSHIP, WARREN COUNTY

Statement of Net Assets - Modified Cash Basis

December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$215,370
Investments	7,015,424
<i>Total Assets</i>	<u><u>\$7,230,794</u></u>
Net Assets	
Restricted for:	
Road and Bridge	175,002
Special Levy Ambulance	388,487
Fire	215,068
Other Purposes	93,950
Unrestricted	6,358,287
<i>Total Net Assets</i>	<u><u>\$7,230,794</u></u>

See accompanying notes to the basic financial statements

TURTLECREEK TOWNSHIP, WARREN COUNTY

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	\$343,583	\$0	\$0	(\$343,583)
Public Safety	541,250	182,593	0	(358,657)
Public Works	790,342	83,474	111,626	(595,243)
Health	7,054	300	0	(6,754)
Conservation-Recreation	58,730	0	0	(58,730)
Capital Outlay	2,624,140	0	0	(2,624,140)
Debt Service:				
Principal	150,000	0	0	(150,000)
Interest	162,938	0	0	(162,938)
<i>Total Governmental Activities</i>	<u>\$4,678,035</u>	<u>\$266,367</u>	<u>\$111,626</u>	<u>(4,300,043)</u>
General Receipts				
Property Taxes				\$936,225
Other Taxes				25,631
Grants and Entitlements not Restricted to Specific Programs				504,547
Sale of Fixed Assets				438,886
Earnings on Investments				291,174
Miscellaneous				84,432
<i>Total General Receipts</i>				<u>2,280,897</u>
Change in Net Assets				(2,019,146)
<i>Net Assets Beginning of Year</i>				<u>9,249,940</u>
<i>Net Assets End of Year</i>				<u><u>\$7,230,794</u></u>

See accompanying notes to the basic financial statements

TURTLECREEK TOWNSHIP, WARREN COUNTY

Statement of Modified Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2005

	GENERAL	ROAD AND BRIDGE	AMBULANCE SPECIAL LEVY	SPECIAL LEVY FIRE DEPARTMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets						
Equity in Pooled Cash and Cash Equivalents	\$13,002	\$10,402	\$91,346	\$31,656	\$68,964	\$215,370
Investments	6,345,284	164,600	297,141	183,412	24,987	7,015,424
<i>Total Assets</i>	<u>\$6,358,287</u>	<u>\$175,002</u>	<u>\$388,487</u>	<u>\$215,068</u>	<u>\$93,951</u>	<u>\$7,230,794</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$332,796	\$6,802	\$10,533	\$12,108	\$25,546	\$387,786
Unreserved:						
Undesignated, Reported in:						
General Fund	6,025,491	0	0	0	0	6,025,491
Special Revenue Funds	0	168,200	377,954	202,959	68,404	817,518
<i>Total Fund Balances</i>	<u>\$6,358,287</u>	<u>\$175,002</u>	<u>\$388,487</u>	<u>\$215,068</u>	<u>\$93,950</u>	<u>\$7,230,794</u>

See accompanying notes to the basic financial statements

TURTLECREEK TOWNSHIP, WARREN COUNTY

Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances

Governmental Funds

For the Year Ended December 31, 2005

	GENERAL	ROAD AND BRIDGE	AMBULANCE SPECIAL LEVY	SPECIAL LEVY FIRE DEPARTMENT	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts						
Property and Other Local Taxes	\$132,386	\$284,402	\$130,226	\$286,809	\$51,278	\$885,101
Charges for Services	0	0	182,593	0	0	182,593
Intergovernmental	507,788	43,406	22,531	43,489	126,970	744,183
Special Assessments	0	0	0	0	16,851	16,851
Earnings on Investments	290,103	0	0	0	1,071	291,174
Miscellaneous	63,447	19,511	352	15,216	375	98,900
Total Receipts	993,724	347,318	335,702	345,513	196,545	2,218,802
Disbursements						
Current:						
General Government	343,583	0	0	0	0	343,583
Public Safety	13,114	0	228,272	299,864	0	541,250
Public Works	145,132	459,433	0	0	185,777	790,342
Health	4,586	0	0	0	2,468	7,054
Conservation-Recreation	58,730	0	0	0	0	58,730
Capital Outlay	2,594,110	0	10,010	20,020	0	2,624,140
Debt Service:						
Principal Retirement	150,000	0	0	0	0	150,000
Interest and Fiscal Charges	162,938	0	0	0	0	162,938
Total Disbursements	3,472,192	459,433	238,282	319,883	188,245	4,678,035
Excess of Receipts Over (Under) Disbursements	(2,478,469)	(112,115)	97,421	25,630	8,300	(2,459,233)
Other Financing Sources (Uses):						
Sale of Fixed Assets	438,886	0	0	0	0	438,886
Transfers In	0	100,000	0	0	0	100,000
Transfers Out	(100,000)	0	0	0	0	(100,000)
Advances In	800	0	0	0	800	1,600
Advances Out	(800)	0	0	0	(800)	(1,600)
Other Financing Sources	1,200	0	0	0	0	1,200
Total Other Financing Sources (Uses)	340,086	100,000	0	0	0	440,086
Net Change in Fund Balances	(2,138,382)	(12,115)	97,421	25,630	8,300	(2,019,146)
Fund Balances Beginning of Year	8,496,669	187,117	291,067	189,438	85,650	9,249,940
Fund Balances End of Year	\$6,358,287	\$175,002	\$388,487	\$215,068	\$93,950	\$7,230,794

See accompanying notes to the basic financial statements

TURTLECREEK TOWNSHIP, WARREN COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

General Fund

For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Receipts				
Property and Other Local Taxes	\$140,000	\$140,000	\$132,386	(\$7,614)
Intergovernmental	269,075	269,075	507,788	238,713
Earnings on Investments	335,000	335,000	290,103	(44,897)
Miscellaneous	19,265	19,265	63,447	44,182
<i>Total receipts</i>	<u>763,340</u>	<u>763,340</u>	<u>993,724</u>	<u>230,384</u>
Disbursements				
Current:				
General Government	990,839	990,839	355,932	634,907
Public Safety	125,000	125,000	13,114	111,886
Public Works	670,000	670,000	145,132	524,868
Health	114,300	114,300	4,586	109,714
Conservation-Recreation	245,099	245,099	58,824	186,275
Capital Outlay	5,841,909	5,841,909	2,914,463	2,927,446
Debt Service:				
Principal Retirement	150,000	150,000	150,000	0
Interest and Fiscal Charges	162,938	162,938	162,938	0
<i>Total Disbursements</i>	<u>8,300,084</u>	<u>8,300,084</u>	<u>3,804,988</u>	<u>4,495,096</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,536,744)</u>	<u>(7,536,744)</u>	<u>(2,811,265)</u>	<u>4,725,479</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	31,100	31,100	438,886	407,786
Transfers Out	(600,000)	(600,000)	(100,000)	500,000
Advances In	450	450	800	350
Advances Out	(200,000)	(200,000)	(800)	199,200
Other Financing Sources	0	0	1,200	1,200
Other Financing Uses	(191,176)	(191,176)	0	191,176
<i>Total Other Financing Sources (Uses)</i>	<u>(959,626)</u>	<u>(959,626)</u>	<u>340,086</u>	<u>1,299,712</u>
<i>Net Change in Fund Balance</i>	<u>(8,496,370)</u>	<u>(8,496,370)</u>	<u>(2,471,178)</u>	<u>6,025,191</u>
<i>Fund Balance Beginning of Year</i>	<u>5,757,023</u>	<u>5,757,023</u>	<u>5,757,023</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>2,739,646</u>	<u>2,739,646</u>	<u>2,739,646</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$299</u>	<u>\$299</u>	<u>\$6,025,491</u>	<u>\$6,025,191</u>

See accompanying notes to the basic financial statements

TURTLECREEK TOWNSHIP, WARREN COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Road and Bridge Fund

For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$279,000.00	\$279,000.00	\$284,401.58	\$5,402
Intergovernmental	43,000.00	43,000.00	43,406.10	\$406
Miscellaneous	26,725.39	26,725.39	19,510.53	(7,215)
<i>Total receipts</i>	<u>348,725</u>	<u>348,725</u>	<u>347,318</u>	<u>(1,407)</u>
Disbursements				
Current:				
Public Works	530,587	530,587	466,235	64,352
Capital Outlay	5,255	5,255	0	5,255
<i>Total Disbursements</i>	<u>535,842</u>	<u>535,842</u>	<u>466,235</u>	<u>69,607</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(187,117)</u>	<u>(187,117)</u>	<u>(118,917)</u>	<u>68,200</u>
Other Financing Sources (Uses)				
Transfers In	0	0	100,000	100,000
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>100,000</u>
<i>Net Change in Fund Balance</i>	(187,117)	(187,117)	(18,917)	168,200
<i>Fund Balance Beginning of Year</i>	<u>181,332</u>	<u>181,332</u>	<u>181,332</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>5,785</u>	<u>5,785</u>	<u>5,785</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>(\$0)</u></u>	<u><u>(\$0)</u></u>	<u><u>\$168,200</u></u>	<u><u>\$168,200</u></u>

See accompanying notes to the basic financial statements

TURTLECREEK TOWNSHIP, WARREN COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Ambulance Special Levy Fund

For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$127,000	\$127,000	\$130,226	\$3,226
Charges for Services	0	0	182,593	182,593
Intergovernmental	40,000	40,000	22,531	(17,469)
Miscellaneous	37,150	37,150	352	(36,799)
<i>Total receipts</i>	<u>204,150</u>	<u>204,150</u>	<u>335,702</u>	<u>131,552</u>
Disbursements				
Current:				
Public Safety	370,195	370,195	238,805	131,390
Capital Outlay	124,889	124,889	10,010	114,879
<i>Total Disbursements</i>	<u>495,084</u>	<u>495,084</u>	<u>248,815</u>	<u>246,269</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(290,934)</u>	<u>(290,933)</u>	<u>86,887</u>	<u>377,821</u>
<i>Net Change in Fund Balance</i>	<u>(290,934)</u>	<u>(290,933)</u>	<u>86,887</u>	<u>377,821</u>
<i>Fund Balance Beginning of Year</i>	<u>283,939</u>	<u>283,939</u>	<u>283,939</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>7,128</u>	<u>7,128</u>	<u>7,128</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$133</u>	<u>\$133</u>	<u>\$377,954</u>	<u>\$377,821</u>

See accompanying notes to the basic financial statements

TURTLECREEK TOWNSHIP, WARREN COUNTY*Statement of Receipts, Disbursements and Changes**In Fund Balance - Budget and Actual -Budget Basis**Special Levy Fire Department**For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
Receipts				
Property and Other Local Taxes	\$278,000	\$278,000	\$286,809	\$8,809
Intergovernmental	47,000	47,000	43,489	(3,511)
Miscellaneous	47,665	47,665	15,216	(32,449)
<i>Total receipts</i>	<u>372,665</u>	<u>372,665</u>	<u>345,513</u>	<u>(27,152)</u>
Disbursements				
Current:				
Public Safety	484,645	484,645	311,972	172,673
Capital Outlay	77,458	77,458	20,020	57,438
<i>Total Disbursements</i>	<u>562,103</u>	<u>562,103</u>	<u>331,992</u>	<u>230,111</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(189,438)</u>	<u>(189,438)</u>	<u>13,521</u>	<u>202,959</u>
<i>Net Change in Fund Balance</i>	(189,438)	(189,438)	13,521	202,959
<i>Fund Balance Beginning of Year</i>	<u>179,793</u>	<u>179,793</u>	<u>179,793</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>9,645</u>	<u>9,645</u>	<u>9,645</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$202,959</u>	<u>\$202,959</u>

See accompanying notes to the basic financial statements

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 1 – Reporting Entity

Turtlecreek Township, Warren County, Ohio is a body politic and corporate established in 1804 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Turtlecreek 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, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, fire and emergency medical services. Police protection is provided by Warren County Sheriff's Office.

Turtlecreek Township has no component units.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, 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. 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 modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds due to the fact that there are no business type activities or enterprise funds. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

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

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

The statement of net assets presents the cash balance, and investments 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. 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 modified cash basis or draws from the Township's general receipts.

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

Turtlecreek 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, Road & Bridge Fund, Special Levy EMS Fund and Special Levy Fire 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 Road and Bridge Fund is used to account for all income and expenditures associated with road and right of way maintenance. The Special Levy funds are used to account for all income and expenditures of the fire and emergency medical services.

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

C. Basis of Accounting

Turtlecreek 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. Modifications made by the Township are described in Note 1 E.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Notes 2 – Summary of Significant Accounting Policies (continued)

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) 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.

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 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. There were no amendments this 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".

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 interest receipts or capital losses, respectively.

During 2005, the Township invested in governmental investments, a money market fund, and STAR Ohio. Turtlecreek Township's money market fund investment is recorded at the amount reported by Lebanon Citizens National Bank on December 31, 2005. The governmental investments are overseen by Lebanon Citizens National Bank for a fee agreed upon; being a percentage of the income received.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Notes 2 – Summary of Significant Accounting Policies (continued)

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 was \$ 290,103 which includes approximately \$ 20,300 assigned from other Township funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements. Industrial Appraisal Company contracts for inventory tracking. Separate reports are available upon request.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements. Industrial Appraisal Company contracts for capital asset tracking. Separate reports are available upon request.

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 2 – Summary of Significant Policies (continued)

L. Long-Term Obligations

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

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road and bridge, ambulance special levy, and special levy fire. Restricted net assets for 2005 represent \$872,507 of a total fund balance of \$7,230,794. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. An unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and advances.

O. Interfund Transactions

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

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

Last year Turtlecreek 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 modified 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.

Also as described in note 2, the township has elected not to report inventory, prepaid items, interfund receivables (payables), capital assets, and long term debt as part of the modified cash basis of accounting.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

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 and all major revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified 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 (modified cash basis)). The encumbrances outstanding at year end (budgetary basis) amounted to \$ 332,797 for the general fund (and \$ 54,989 for all other major and special revenue funds).

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;

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 5 – 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

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, \$184,757 of the Township’s bank balance of \$284,757 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.

Turtlecreek 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.

Investments

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

	Carrying Value	Weighted Average Maturity	Percentage of Total Investments
Government Sponsored Sec:			
Federal Farm Credit Bank	\$ 404,578	1.58 yrs	5.8%
Federal Home Loan Bank	2,178,747	2.49	31.0
Federal Home Loan Mortg	545,152	1.40	7.8
Federal Nat Mortg Asso	2,720,733	2.20	38.8
Money Market Mutual Fund	444,035	0.0	6.3
STAR Ohio	722,179	N/A	10.3
Total Portfolio	<u>\$ 7,015,424</u>		

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 5 – Deposits and Investments (continued)

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's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities normally mature 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.

The Money Market Fund carries a rating of AAA by Standard and Poor's and STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has 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."

The Lebanon Citizens National Bank manages the investments for the township. A separate accounting is used to report all transactions. Reports are generated on a monthly basis to the Township.

Note 6 – 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. The Township receives semiannual payments in June and September.

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 true value.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 6 – Property Taxes (continued)

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 by 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, was \$ 5.62 per \$1,000 of assessed value.

The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential	\$ 163,471,680
Agriculture	21,516,020
Commercial/Industrial/Mineral	15,465,700
Public Utility Property	9,515,320
Tangible Personal Property	2,920,550
Total Assessed Value	<u>212,889,270</u>

Note 7 – Capital Assets

The Township chooses not to report and depreciate capital assets resulting from cash transactions in the financial statements.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 8 – 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 several insurance companies for various types of insurance coverage through Dakin Insurance Agency, Inc. as follows:

Commercial General Liability	\$3,000,000	Per Occurrence
Commercial Fire (all stations)	\$4,367,600	
Buildings & Contents		
Directors & Officers Liability	\$4,500,000	Combined
Crime/Employee Dishonesty	\$ 50,000	Per Occurrence
Crime/ Employer Liability	\$1,000,000	Per Occurrence
Equipment & Tools	\$ 35,000	
Business Auto -all Vehicles	XXXXX	Replacement
“ Combined Single Unit	\$1,000,000	
“ Uninsured/Underinsured	\$ 500,000	
Motorist –Single Unit		
“ Medical Payments	\$ 10,000	

The only significant increase was due to the addition of our new central facility 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.

The Frank Gates Service Company, Columbus, Ohio, provides risk management consulting and cost control, and claims management through Care Works for the township.

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

Note 9 – 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.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 9 – Defined Benefit Pension Plan (continued)

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, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2005 was 13.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 13.7 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 \$ 71,634, \$ 70,491 and \$ 83,583 respectively. The full amount has been contributed for 2005, 2004 and 2003.

B. Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 16.25 percent for full time firefighters. Contributions are authorized by State statute.

Note 10 - 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 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 (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 10 - Postemployment Benefits (continued)

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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$210,421. 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 \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total firefighter contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2005 and 2004. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2002, all retirees and survivors have monthly health care contributions.

The Township's actual contributions for 2005 that were used to fund postemployment benefits were \$ 0.00 for police and \$ 0.00 for firefighters as we have no full time firefighters. The OP&F's total health care expense for the year ended December 31, 2004 (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 13,662 for police and 10,474 for firefighters.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 11 – Debt

A summary of the bond transactions for the year ended December 31, 2005, follows:

	Interest Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005
<u>Governmental Activities</u>					
Administration Bldg. Bond	5.5%	1,000,000		50,000	950,000
Fire Station Bldg. Bond	5.5	<u>2,000,000</u>		<u>100,000</u>	<u>1,900,000</u>
		<u>\$3,000,000</u>	\$	<u>\$150,000</u>	<u>2,850,000</u>

The construction loans 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	<u>G.O. Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2006	150,000	154,777
2007	150,000	146,437
2008	150,000	138,187
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	<u>\$2,850,000</u>	<u>\$1,528,390</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2005, were an overall debt margin of \$11,024,937 and an unvoted debt margin of \$ 21,047,607

Note 12 – Interfund Transfers

During 2005 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund (Road & Bridge)	<u>\$100,000</u>
Total Transfers from the General Fund	<u>\$100,000</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Turtlecreek Township
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 13 – Construction and Contractual Commitments

Outstanding purchase orders on the new central facility were \$262,964 on December 31, 2005.



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 North State Route 123
Lebanon, Ohio 45036

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Turtlecreek Township, Warren County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated April 11, 2008, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. 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 opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

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

We noted certain matters that we reported to the Township's management in a separate letter dated April 11, 2008.

Compliance and Other Matters

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

We did noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 11, 2008.

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



Mary Taylor, CPA
Auditor of State

April 11, 2008



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
MAY 13, 2008**