



**Auditor of State
Betty Montgomery**

**TURTLECREEK TOWNSHIP
WARREN COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Turtlecreek Township
Warren County
1433 West State Route 63
Lebanon, Ohio 45036

To the Board of Trustees:

We have audited the accompanying financial statements of Turtlecreek Township, Warren County, Ohio (the Township), as of and for the years ended December 31, 2002 and December 31, 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2002 and December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Betty Montgomery
Auditor of State

April 11, 2003

**TURTLECREEK TOWNSHIP
WARREN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Local Taxes	\$113,474	\$682,424	\$795,898
Intergovernmental	581,123	176,745	757,868
Special Assessments		17,026	17,026
Licenses, Permits, and Fees		1,375	1,375
Earnings on Investments	402,609	1,997	404,606
Other Revenue	17,623	67,359	84,982
	1,114,829	946,926	2,061,755
Cash Disbursements:			
Current:			
General Government	297,287		297,287
Public Safety	13,972	446,923	460,895
Public Works	18,228	582,113	600,341
Health	993	319	1,312
Conservation - Recreation	100,957		100,957
Capital Outlay	16,711	239,159	255,870
	448,148	1,268,514	1,716,662
Total Receipts Over/(Under) Disbursements	666,681	(321,588)	345,093
Other Financing Receipts and (Disbursements):			
Transfers-In		200,000	200,000
Transfers-Out	(200,000)	0	(200,000)
	(200,000)	200,000	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	466,681	(121,588)	345,093
Fund Cash Balances, January 1	6,397,365	1,229,066	7,626,431
Fund Cash Balances, December 31	\$6,864,046	\$1,107,478	\$7,971,524
Reserve for Encumbrances, December 31	\$120,529	\$190,594	\$311,123

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

**TURTLECREEK TOWNSHIP
WARREN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Local Taxes	\$113,004	\$684,237	\$797,241
Intergovernmental	593,492	157,602	751,094
Special Assessments		18,620	18,620
Licenses, Permits, and Fees		75	75
Earnings on Investments	427,399	2,750	430,149
Other Revenue	78,023	51,903	129,926
 Total Cash Receipts	1,211,918	915,187	2,127,105
Cash Disbursements:			
Current:			
General Government	248,518		248,518
Public Safety	18,356	377,563	395,919
Public Works		480,320	480,320
Health	1,002	88	1,090
Conservation - Recreation	57,604		57,604
Capital Outlay	221,350	39,289	260,639
 Total Cash Disbursements	546,830	897,260	1,444,090
 Total Receipts Over Disbursements	665,088	17,927	683,015
Other Financing Receipts and (Disbursements):			
Transfers-In		600,000	600,000
Advances-In	715	565	1,280
Transfers-Out	(600,000)	0	(600,000)
Advances-Out	(565)	(715)	(1,280)
 Total Other Financing Receipts/(Disbursements)	(599,850)	599,850	0
 Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	65,238	617,777	683,015
 Fund Cash Balances, January 1	6,332,127	611,289	6,943,416
 Fund Cash Balances, December 31	\$6,397,365	\$1,229,066	\$7,626,431
 Reserve for Encumbrances, December 31	\$29,254	\$81,693	\$110,947

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

**TURTLECREEK TOWNSHIP
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Turtlecreek Township, Warren County, Ohio (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit, Governmental Securities, and U.S. Treasury Notes are valued at cost. Money market mutual funds are recorded at share values reported by the mutual fund. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Road and Bridge Fund

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

**TURTLECREEK TOWNSHIP
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Levy – Fire Fund

This fund receives proceeds from the property tax fire levy for providing fire protection to Township residents.

Special Levy – Ambulance Fund

This fund receives proceeds from the property tax ambulance levy for providing emergency services to Township residents.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

**TURTLECREEK TOWNSHIP
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Deposits:		
Demand deposits	\$119,705	\$196,038
Certificates of deposit	339,605	318,143
Total deposits	459,310	514,181
Investments:		
U.S. Governmental Securities	6,271,439	5,447,191
STAR Ohio	1,187,675	1,141,489
Money Market Mutual Fund	53,100	100,668
Treasury Bonds and Notes	0	422,902
Total investments	7,512,214	7,112,250
Total deposits and investments	\$7,971,524	\$7,626,431

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investments: U.S. Treasury Bonds and Notes and Governmental Securities are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities. Investments in STAR Ohio and money market mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$930,575	\$1,114,829	\$184,254
Special Revenue	1,120,854	1,146,926	26,072
Total	\$2,051,429	\$2,261,755	\$210,326

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,327,940	\$768,677	\$6,559,263
Special Revenue	2,349,920	1,459,108	890,812
Total	\$9,677,860	\$2,227,785	\$7,450,075

**TURTLECREEK TOWNSHIP
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$926,950	\$1,212,633	\$285,683
Special Revenue	1,383,312	1,515,752	132,440
Total	\$2,310,262	\$2,728,385	\$418,123

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,258,817	\$1,176,649	\$6,082,168
Special Revenue	1,994,860	979,668	1,015,192
Total	\$9,253,677	\$2,156,317	\$7,097,360

4. PROPERTY TAX

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

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

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

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

5. RETIREMENT SYSTEMS

The Township's officials and full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and 2002. The Township has paid all contributions required through December 31, 2002.

**TURTLECREEK TOWNSHIP
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Turtlecreek Township
Warren County
1433 West State Route 63
Lebanon, Ohio 45036

To the Board of Trustees:

We have audited the accompanying financial statements of Turtlecreek Township, Warren County, Ohio (the Township), as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated April 11, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-40483-001. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 11, 2003.

Internal Control Over Financial Reporting

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

Turtlecreek Township
Warren County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

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Betty Montgomery
Auditor of State

April 11, 2003

**TURTLECREEK TOWNSHIP
WARREN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-40483-001

Noncompliance Citation

Ohio Rev. Code, Section 9.38, provides that any public official other than state official, employee who receives public moneys shall deposit said moneys with the treasurer of the district or properly designated depository by the next business day. Twenty percent of the Other Revenue tested was not deposited by the next business day. The Township's failure to deposit checks when received not only contradicts the Ohio Rev. Code, but also increases the risk of theft and misclassification of revenue. We recommend that the Township deposit checks as they are received. We recommend that the Township consider establishing a policy stating that if the receipts are under \$1,000 that they be deposited within three business days.



**Auditor of State
Betty Montgomery**

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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, 2003**