



**Auditor of State  
Betty Montgomery**



**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Deercreek Township  
Pickaway County  
104 South Main Street  
P.O. Box 46  
Williamsport, Ohio 43164

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 Deercreek Township, Pickaway 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. 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 Deercreek Township, Pickaway County, Ohio, as of December 31, 2005, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, Cemetery, Fire, and Road Voted funds 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 July 24, 2006, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 24, 2006

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

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This discussion and analysis of Deercreek Township, Pickaway County, Ohio (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 increased \$63,848, or 12.4% percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Gasoline Tax Fund, which experienced a decrease in required disbursements in 2005.

The Township's general receipts are primarily property taxes and intergovernmental revenue. These receipts represent respectively 40% and 13% percent of the total cash received for governmental activities during the year. Property tax receipts for 2005 changed very little compared to 2004 as development within the Township has slowed.

**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.

**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.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

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**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 the modified-cash basis of accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational 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 reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, the Township has only governmental activities.

Governmental activities - All of the Township's basic services are reported here. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**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. The funds of the Township are classified as governmental funds.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, the Gasoline Tax Fund, the Cemetery Fund, the Fire Fund and the Road (Voted) Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

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

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

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**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**

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Cash and Cash Equivalents	<u>\$570,582</u>	<u>\$506,734</u>
Total Assets	<u><u>\$570,582</u></u>	<u><u>\$506,734</u></u>
<b>Net Assets</b>		
Restricted for:		
Other Purposes	427,735	326,875
Unrestricted	<u>142,847</u>	<u>179,859</u>
Total Net Assets	<u><u>\$570,582</u></u>	<u><u>\$506,734</u></u>

As mentioned previously, net assets of governmental activities increased \$63,848, or 12% percent during 2005.

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.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2005
	2005
Receipts:	
Program Receipts:	
Charges for Services and Sales	\$16,048
Operating Grants and Contributions	88,851
Total Program Receipts	104,899
General Receipts:	
Property and Other Local Taxes	94,585
Grants and Entitlements Not Restricted to Specific Programs	30,581
Interest	3,752
Miscellaneous	652
Total General Receipts	129,570
Total Receipts	234,469
Disbursements:	
General Government	65,030
Public Safety	6,438
Public Works	46,883
Health	48,693
Conservation-Recreation	1,177
Capital Outlay	2,400
Total Disbursements	170,621
Increase (Decrease) in Net Assets	63,848
Net Assets, January 1, 2004	506,734
Net Assets, December 31, 2005	\$570,582

Program receipts represent 45 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 55 percent of the Township's total receipts, and of this amount, 73 percent are local taxes. State grants and entitlements make up the balance of the Township's general receipts (24 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include the costs of the Board of Trustees, as well as internal services such as payroll and purchasing.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

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**Governmental Activities**

If you look at the Statement of Activities on page 10, 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 health, which account for 27 and 29 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 38 percent. The next two 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 2005	Net Cost of Services 2005
General Government	\$65,030	\$63,007
Public Safety	6,438	6,438
Public Works	46,883	(41,968)
Health	48,693	34,668
Conservation-Recreation	1,177	1,177
Capital Outlay	2,400	2,400
Total Expenses	<u>\$170,621</u>	<u>\$65,722</u>

The dependence upon property and income tax receipts is apparent as over 38 percent of governmental activities are supported through these general receipts.

**The Township's Funds**

Total governmental funds had receipts of \$234,469 and disbursements of \$170,621. The greatest change within governmental funds occurred within the General, Gasoline Tax, and Road Voted funds. The fund balance of the Gasoline Tax Fund increased \$55,662 and the fund balance of the Road Voted Fund increased \$36,644 as the result of fewer required disbursements in 2005. The fund balance of the General Fund decreased \$37,012 as the result of a decrease in intergovernmental revenue and an increase in required disbursements in 2005.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2005, the Township did not amend its General Fund budget. The difference between final budgeted receipts and actual receipts was not significant.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

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Final disbursements were budgeted at \$230,194 while actual disbursements were \$81,839. While the Township did not reduce appropriations to reflect the decrease in necessary disbursements, the Township did not spend more than was appropriated.

**Capital Assets and Debt Administration**

**Capital Assets**

The Township does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

**Debt**

The Township does not currently have any outstanding debt obligations.

**Current Issues**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and intergovernmental receipts.

**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 Ruth Long, Township Clerk, 104 South Main Street, P.O. Box 46, Williamsport, Ohio 43164.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
DECEMBER 31, 2005**

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$570,582</u>
<i>Total Assets</i>	<u><u>\$570,582</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	427,735
Unrestricted	<u>142,847</u>
<i>Total Net Assets</i>	<u><u>\$570,582</u></u>

See accompanying notes to the basic financial statements

**DEERCREEK TOWNSHIP  
PICKAWAY 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	
<b>Governmental Activities</b>			
General Government	\$65,030	\$2,023	\$0
Public Safety	6,438	0	0
Public Works	46,883	0	88,851
Health	48,693	14,025	0
Conservation-Recreation	1,177	0	0
Capital Outlay	2,400	0	0
<i>Total Governmental Activities</i>	170,621	16,048	88,851
<b>General Receipts</b>			
Property Taxes Levied for General Purposes			94,585
Grants and Entitlements not Restricted to Specific Programs			30,581
Interest			3,752
Miscellaneous			652
<i>Total General Receipts</i>			129,570
Change in Net Assets			63,848
<i>Net Assets Beginning of Year</i>			506,734
<i>Net Assets End of Year</i>			\$570,582

See accompanying notes to the basic financial statements

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	General	Gasoline Tax	Cemetery	Fire Fund	Road Voted	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$142,847	\$160,743	\$31,679	\$64,806	\$130,830	\$39,677	\$570,582
<i>Total Assets</i>	<u>\$142,847</u>	<u>\$160,743</u>	<u>\$31,679</u>	<u>\$64,806</u>	<u>\$130,830</u>	<u>\$39,677</u>	<u>\$570,582</u>
<b>Fund Balances</b>							
Unreserved:							
Undesignated , Reported in:							
General Fund	142,847	0	0	0	0	0	142,847
Special Revenue Funds	0	160,743	31,679	64,806	130,830	39,677	427,735
<i>Total Fund Balances</i>	<u>\$142,847</u>	<u>\$160,743</u>	<u>\$31,679</u>	<u>\$64,806</u>	<u>\$130,830</u>	<u>\$39,677</u>	<u>\$570,582</u>

See accompanying notes to the basic financial statements

DEERCREEK TOWNSHIP  
PICKAWAY COUNTY

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General	Gasoline Tax	Cemetery	Fire Fund	Road Voted	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$17,213	\$0	\$16,455	\$10,857	\$35,585	\$14,475	\$94,585
Licenses, Permits and Fees	2,023	0	14,025	0	0	0	16,048
Intergovernmental	21,701	77,233	1,982	1,231	4,026	13,259	119,432
Interest	3,752	0	0	0	0	0	3,752
Other	138	514	0	0	0	0	652
<i>Total Receipts</i>	<u>44,827</u>	<u>77,747</u>	<u>32,462</u>	<u>12,088</u>	<u>39,611</u>	<u>27,734</u>	<u>234,469</u>
<b>Disbursements</b>							
Current:							
General Government	65,030	0	0	0	0	0	65,030
Public Safety	5,252	0	0	1,186	0	0	6,438
Public Works	0	22,085	0	0	2,967	21,831	46,883
Health	7,980	0	40,713	0	0	0	48,693
Conservation-Recreation	1,177	0	0	0	0	0	1,177
Capital Outlay	2,400	0	0	0	0	0	2,400
<i>Total Disbursements</i>	<u>81,839</u>	<u>22,085</u>	<u>40,713</u>	<u>1,186</u>	<u>2,967</u>	<u>21,831</u>	<u>170,621</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	(37,012)	55,662	(8,251)	10,902	36,644	5,903	63,848
<i>Fund Balances Beginning of Year</i>	<u>179,859</u>	<u>105,081</u>	<u>39,930</u>	<u>53,904</u>	<u>94,186</u>	<u>33,774</u>	<u>506,734</u>
<i>Fund Balances End of Year</i>	<u>\$142,847</u>	<u>\$160,743</u>	<u>\$31,679</u>	<u>\$64,806</u>	<u>\$130,830</u>	<u>\$39,677</u>	<u>\$570,582</u>

See accompanying notes to the basic financial statements

**DEERCREEK TOWNSHIP  
PICKAWAY 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 Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$16,950	\$16,950	\$17,213	\$263
Licenses, Permits and Fees	0	0	2,023	2,023
Intergovernmental	29,444	29,444	21,701	(7,743)
Interest	3,941	3,941	3,752	(189)
Other	0	0	138	138
<i>Total receipts</i>	<u>50,335</u>	<u>50,335</u>	<u>44,827</u>	<u>(5,508)</u>
<b>Disbursements</b>				
Current:				
General Government	156,394	156,394	65,030	91,364
Public Safety	10,800	10,800	5,252	5,548
Health	35,500	35,500	7,980	27,520
Conservation-Recreation	13,500	13,500	1,177	12,323
Capital Outlay	14,000	14,000	2,400	11,600
<i>Total Disbursements</i>	<u>230,194</u>	<u>230,194</u>	<u>81,839</u>	<u>148,355</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(179,859)	(179,859)	(37,012)	142,847
<i>Fund Balance Beginning of Year</i>	<u>179,859</u>	<u>179,859</u>	<u>179,859</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$142,847</u>	<u>\$142,847</u>

See accompanying notes to the basic financial statements

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GASOLINE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$49,749	\$49,749	\$77,233	\$27,484
Other	0	0	514	514
<i>Total receipts</i>	<u>49,749</u>	<u>49,749</u>	<u>77,747</u>	<u>27,998</u>
<b>Disbursements</b>				
Current:				
Public Works	150,830	150,830	22,085	128,745
Capital Outlay	4,000	4,000	0	4,000
<i>Total Disbursements</i>	<u>154,830</u>	<u>154,830</u>	<u>22,085</u>	<u>132,745</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(105,081)	(105,081)	55,662	160,743
<i>Fund Balance Beginning of Year</i>	<u>105,081</u>	<u>105,081</u>	<u>105,081</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$160,743</u></u>	<u><u>\$160,743</u></u>

See accompanying notes to the basic financial statements

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
CEMETERY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$16,150	\$16,150	\$16,455	\$305
Licenses, Permits and Fees	7,520	7,520	14,025	6,505
Intergovernmental	1,085	1,085	1,982	897
Other	8,127	8,127	0	(8,127)
<i>Total receipts</i>	32,882	32,882	32,462	(420)
<b>Disbursements</b>				
Current:				
Health	72,812	72,812	40,713	32,099
<i>Total Disbursements</i>	72,812	72,812	40,713	32,099
<i>Excess of Receipts Over (Under) Disbursements</i>	(39,930)	(39,930)	(8,251)	31,679
<i>Fund Balance Beginning of Year</i>	39,930	39,930	39,930	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$31,679	\$31,679

See accompanying notes to the basic financial statements

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
FIRE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$10,197	\$10,197	\$10,857	\$660
Intergovernmental	850	850	1,231	381
<i>Total receipts</i>	<u>11,047</u>	<u>11,047</u>	<u>12,088</u>	<u>1,041</u>
<b>Disbursements</b>				
Current:				
Public Safety	44,000	44,000	1,186	42,814
Capital Outlay	20,951	20,951	0	20,951
<i>Total Disbursements</i>	<u>64,951</u>	<u>64,951</u>	<u>1,186</u>	<u>63,765</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(53,904)	(53,904)	10,902	64,806
<i>Fund Balance Beginning of Year</i>	<u>53,904</u>	<u>53,904</u>	<u>53,904</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$64,806</u></u>	<u><u>\$64,806</u></u>

See accompanying notes to the basic financial statements

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
ROAD (VOTED) FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$38,265	\$38,265	\$35,585	(\$2,680)
Intergovernmental	715	715	4,026	3,311
Other	424	424	0	(424)
<i>Total receipts</i>	<u>39,404</u>	<u>39,404</u>	<u>39,611</u>	<u>207</u>
<b>Disbursements</b>				
Current:				
Public Works	111,713	111,713	2,967	108,746
Capital Outlay	21,877	21,877	0	21,877
<i>Total Disbursements</i>	<u>133,590</u>	<u>133,590</u>	<u>2,967</u>	<u>130,623</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(94,186)	(94,186)	36,644	130,830
<i>Fund Balance Beginning of Year</i>	<u>94,186</u>	<u>94,186</u>	<u>94,186</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$130,830</u></u>	<u><u>\$130,830</u></u>

See accompanying notes to the basic financial statements

DEERCREEK TOWNSHIP  
PICKAWAY COUNTY

**STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2005**

	Private Purpose Trust
<b>Assets</b>	
Investments	\$7,100
<b>Net Assets</b>	
Unrestricted	\$7,100

See accompanying notes to the basic financial statements

DEERCREEK TOWNSHIP  
PICKAWAY COUNTY

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	Private Purpose Trust
Net Assets - Beginning of Year	<u>\$7,100</u>
Net Assets - End of Year	<u><u>\$7,100</u></u>

See accompanying notes to the basic financial statements

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**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

**Note 1 – Reporting Entity**

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

The reporting entity is comprised of the primary government 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, and cemetery maintenance. Fire protection is provided by the Williamsport-Deercreek Fire Department. Police protection is provided by the Pickaway County Sheriff's Department. The Township contracts with the Village of Williamsport for emergency medical ambulance services.

**B. Joint Ventures and Jointly Governed Organizations**

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control. The Township participates in one joint venture, one jointly governed organization, and one public entity risk pool. Notes 7, 10 and 11 to the financial statements provide additional information for these entities. These organizations are:

Joint Venture:

Williamsport-Deercreek Volunteer Fire Department – This organization was established by the Village of Williamsport and Deercreek Township to provide fire protection services to the residents of the Village and the Township.

Jointly Governed Organization:

Williamsport-Deercreek Recreation Board – This Board was established by the Village of Williamsport and Deercreek Township to provide, promote, and develop recreational opportunities for the residents of the Village and the Township.

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority – This risk-sharing pool, available to Ohio townships, provides property and casualty coverage for its members.

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

**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.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies** (continued)

In the government-wide financial statements for the governmental activities, 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. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

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

**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. Governmental activities generally are financed through taxes, intergovernmental receipts, other nonexchange transactions, and fees charged to external parties for goods or services.

The statement of net assets presents the modified cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational 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**

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

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies** (continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), other nonexchange transactions, and fees charged to external users for goods or services as governmental funds. The Township's major governmental funds are the General Fund, the Gasoline Tax Fund, the Cemetery Fund, the Fire Fund and the Road (Voted) Fund.

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Gasoline Tax Fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads. The Cemetery Fund receives property tax and lot fees assessed to maintain the cemetery lots. The Fire Fund receives property tax for expenses related to fire protection services. The Road (Voted) Fund receives property tax for constructing, maintaining and repairing specific Township roads.

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

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's private purpose trust fund accounts for a cemetery bequest fund.

C. Basis of Accounting

The Township's financial statements are prepared using the modified-cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this modified-cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

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

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies** (continued)

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 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**

To improve cash management, cash received by the Township is pooled and invested; except for the Private Purpose Trust Fund. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents". The cash in the Private Purpose Trust fund is presented as "Investments".

Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2005, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest receipts credited to the General Fund during 2005 were \$3,752.

**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.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies** (continued)

**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.

**I. 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.

**J. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. 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 constructing, maintaining and repairing Township roads.

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.

**M. 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. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. The Township did not reserve any portion of the fund balance for the year ended 2005.

**Note 3 – Change in Basis of Accounting**

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the modified-cash basis of accounting described in Note 2. The fund financial statement now presents 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.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
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 – Budget Basis presented for the General Fund, Gasoline Tax Fund, Cemetery Fund, Fire Fund and Road (Voted) Fund 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 that 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). There were no outstanding encumbrances or advances at year end.

**Note 5 – Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**Note 5 - Deposits and Investments** (continued)

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.

**A. 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, \$470,582 of the Township's bank balance of \$570,582, including \$7,623 of certificates of deposit, was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited 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.

**B. Investments**

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

	Fair Value	Less Than One Year
Certificate of Deposits	7,100	7,100
Total Investments	\$7,100	\$7,100

The Certificate of Deposit is a nonnegotiable certificate of deposit which was matched to a specific fund for the maintenance of a grave.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**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.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2005 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.

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

The full tax rate for all Township operations for the year ended December 31, 2005, was \$6.70 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	\$5,936,590
Agriculture	\$5,861,840
Commercial/Industrial/Mineral	\$100,600
Public Utility Property	
Personal	\$846,680
Tangible Personal Property	\$45,754
Total Assessed Value	<u>\$12,791,464</u>

**Note 7 – Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**Note 7 – Risk Management** (continued)

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**Note 7 – Risk Management** (continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004:

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	(12,344,576)	(11,086,379)
Retained earnings	<u>\$18,141,062</u>	<u>\$17,046,241</u>

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	(1,406,031)	(543,176)
Retained earnings	<u>\$7,771,765</u>	<u>\$7,045,167</u>

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment. The Township's share of these unpaid claims is approximately \$14,220.

**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.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**Note 8 – Defined Benefit Pension Plan (Continued)**

A. Ohio Public Employees Retirement System

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 were required to contribute 9 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 was 9.55 percent. 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 \$13,688, \$13,269, and \$13,395 respectively. The full amount has been contributed for 2005, 2004 and 2003.

**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 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.

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, 2003, 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.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**Note 9 - Postemployment Benefits** (continued)

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

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

**Note 10 – Joint Ventures**

The Township is a participant with the Village of Williamsport in the Williamsport-Deercreek Volunteer Fire Department, which provides fire protection services to the Township and surrounding areas. The Williamsport-Deercreek Volunteer Fire Department was established by an agreement between Deercreek Township and the Village of Williamsport.

The Village of Williamsport is solely responsible for payment to the Ohio Bureau of Worker's Compensation for the employed persons and volunteer firefighters serving the department, as well as the telephone service, the monthly inspection fee for fire equipment over and above the portion paid from the Joint Fire Fund, the gas and water expense for the building where the equipment is housed as well as for the office space in the Township building, and 50% of all matching funds required for grants awarded to the Volunteer Fire Department. Deercreek Township is responsible for the contribution of 5 bays to house the fire trucks of the department, storage for all equipment and the office space of the volunteer fire department, insurance and electricity for the building where the trucks, equipment, and office are housed, and 50% of all matching funds required for grants awarded to the Volunteer Fire Department. Deercreek Township and the Village of Williamsport are equally responsible for all other expenses required to maintain the operation of the Volunteer Fire Department. The activities of the Volunteer Fire Department are reflected on the financial statements of the Village of Williamsport.

**Note 11 – Jointly Governed Organizations**

The Township, in conjunction with the Village of Williamsport, created the Williamsport-Deercreek Recreation Board that is responsible for providing, promoting, and developing recreational opportunities for the residents of the Village of Williamsport and Deercreek Township. The board members of the Recreation Board include two members appointed by Deercreek Township, two members appointed by the Village of Williamsport, and one member appointed by the other members of the Board. During 2005, the Township did not contribute any funds toward the operation of the Recreation Board. The Township does not act as fiscal agent for the Board, thus, the activities of the Board are not reflected in the Township's financial statements.



## **Auditor of State Betty Montgomery**

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

Deercreek Township  
Pickaway County  
104 South Main Street  
P.O. Box 46  
Williamsport, Ohio 43164

To the Board of Trustees:

We have audited the financial statements of Deercreek Township, Pickaway County, Ohio (the Township) as of and for the year ended December 31, 2005 and have issued our report thereon dated July 24, 2006, wherein we noted the Library 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*. We also noted that 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 because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

#### **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 that are required to be reported under *Government Auditing Standards*.

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Deercreek Township  
Pickaway County  
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Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

In a separate letter to the Township's management dated July 24, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for 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

July 24, 2006



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
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800-282-0370

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**DEERCREEK TOWNSHIP**

**PICKAWAY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 26, 2006**