



**Mary Taylor, CPA**  
Auditor of State



**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Deercreek Township  
Pickaway County  
104 South Main Street  
Williamsport, OH 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, 2007, 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 conduct the audit of 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 Deercreek Township, Pickaway County, Ohio, as of December 31, 2007, and the respective changes in modified cash basis financial position and the respective budgetary comparisons for the General Fund, Gasoline Tax Fund, Cemetery Fund, Fire Fund, and Road Voted Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

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In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

April 4, 2008

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED**

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This discussion and analysis of Deercreek Township financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007 and 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 2007 are as follows:

- The Cemetery levy for 3.0 mill levy passed in November.
- Net assets of governmental activities increased \$8,965 or 1% during 2007, a small change from the prior year. The funds most affected had no major differences in fund balances from 2006 to 2007.
- The Township's general receipts are primarily property taxes and intergovernmental revenue. These receipts represent 36% and 13% respectively of the total cash received for governmental activities during the year. Property tax receipts for 2007 were lower compared to 2006 as development in the Township has declined.

**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.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

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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 2007, 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. 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 activity 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 taxes.

In the statement of net assets and the statement of activities, the Township has only one type of activities:

Governmental activities: All of the Township's basic services are reported here, including, fire and roads. 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 listed all 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, Gasoline Tax Fund, Cemetery Fund, Fire Fund, and 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.



**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

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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.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a modified cash basis:

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
Equity and Pooled Cash and Cash Equivalents	\$ 744,406	\$ 735,441
Total Assets	<u>744,406</u>	<u>735,441</u>
<b>Net Assets</b>		
Restricted for:		
Other Purposes	647,908	595,562
Unrestricted	96,498	139,879
Total Net Assets	<u>\$ 744,406</u>	<u>\$ 735,441</u>

As mentioned previously, net assets of governmental activities increased \$8,965 or 1% during 2007.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net assets in 2007 as compared to 2006.

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

	Governmental Activities 2007	Governmental Activities 2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 18,693	\$ 10,785
Operating Grants and Contributions	95,474	104,242
<b>Total Program Receipts</b>	<b>114,167</b>	<b>115,027</b>
General Receipts:		
Property and Other Local Taxes	82,879	107,119
Grants and Entitlements Not Restricted to Specific Programs	29,644	183,222
Interest	5,474	5,572
Miscellaneous	116	6,660
<b>Total General Receipts</b>	<b>118,113</b>	<b>302,573</b>
<b>Total Receipts</b>	<b>232,280</b>	<b>417,600</b>
Disbursements:		
General Government	73,729	85,681
Public Safety	5,621	5,663
Public Works	111,727	29,936
Health	29,945	39,654
Conservation - Recreation	1,676	2,290
Capital Outlay	617	89,517
<b>Total Disbursements</b>	<b>223,315</b>	<b>252,741</b>
Excess (Deficiency) Before Transfers	8,965	164,859
Transfers		
<b>Increase (Decrease) in Net Assets</b>	<b>8,965</b>	<b>164,859</b>
Net Assets, Beginning of the year	735,441	570,582
<b>Net Assets, End of the year</b>	<b>\$ 744,406</b>	<b>\$ 735,441</b>

Program receipts represent 49% of the total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 51% of the Townships total receipts and of this amount, 70% are local taxes. State grants and entitlements make up the balance of the Township's General receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

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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 salaries, trustees salary, fiscal officer salary, zoning inspector salary, and zoning board members.

Health disbursements decreased in 2007 due to one trustee going on Medicare and off the Anthem Policy.

**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 50% and 13% of all governmental disbursements respectively. 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)

	Total Cost of Services 2007	Net Cost of Services 2007
General Government	\$ 73,729	\$ (73,729)
Public Safety	5,621	(5,621)
Public Works	111,727	(16,253)
Health	29,945	(12,120)
Conservation - Recreation	1,676	(1,676)
Other	-	868
Capital Outlay	617	(617)
Total Expenses	<u>\$ 223,315</u>	<u>\$ (109,148)</u>

The dependence upon property taxes is apparent as over 37% of governmental activities are supported through these general receipts.

**The Township's Funds**

The total governmental funds had receipts of \$232,280 and disbursements of \$223,315 in 2007. The greatest change within governmental funds occurred in the General, Gasoline Tax, and Fire Funds. The fund balance of the Gasoline Tax fund only increased \$19,806 due to increased spending on road maintenance and the fund balance of the Fire Fund increased \$12,465 as the result of fewer required disbursements in 2007. The fund balance of the General Fund decreased \$43,381 as a result of an increase in required disbursements related to various road and fire projects.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

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**General Fund Budgeting Highlights**

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

During 2007, the Township did amend its General Fund budgeted receipts. The difference between the final budgeted and actual receipts was not significant.

Final Disbursements were budgeted at \$195,620 while actual disbursements were \$88,703. While the Township did not reduce appropriations to reflect the decrease in necessary disbursements, the Township did not spend more than was appropriated.

**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 have very little industry to support the tax base.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of Deercreek 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, Fiscal Officer, Deercreek Township, P.O. Box 46, Williamsport, Ohio, 43164.

DEERCREEK TOWNSHIP  
PICKAWAY COUNTY

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
DECEMBER 31, 2007

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 744,406
<i>Total Assets</i>	<u>744,406</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	647,908
Unrestricted	96,498
<i>Total Net Assets</i>	<u>\$ 744,406</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, 2007**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
<b>Governmental Activities</b>				
General Government	\$ 73,729	\$ -	\$ -	\$ (73,729)
Public Safety	5,621	-	-	(5,621)
Public Works	111,727	-	95,474	(16,253)
Health	29,945	17,825	-	(12,120)
Conservation-Recreation	1,676	-	-	(1,676)
Other	-	868	-	868
Capital Outlay	617	-	-	(617)
<i>Total Governmental Activities</i>	<u>223,315</u>	<u>18,693</u>	<u>95,474</u>	<u>(109,148)</u>
<b>General Receipts</b>				
Property Taxes				82,879
Grants and Entitlements not Restricted to Specific Programs				29,644
Earnings on Investments				5,474
Miscellaneous				116
<i>Total General Receipts</i>				118,113
Change in Net Assets				8,965
<i>Net Assets Beginning of Year</i>				735,441
<i>Net Assets End of Year</i>				\$ 744,406

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, 2007**

	GENERAL	GASOLINE TAX	CEMETERY	FIRE FUND	ROAD VOTED	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 96,498	\$ 251,549	\$ 36,959	\$ 91,170	\$ 184,271	\$ 83,959	\$ 744,406
<i>Total Assets</i>	<u>96,498</u>	<u>251,549</u>	<u>36,959</u>	<u>91,170</u>	<u>184,271</u>	<u>83,959</u>	<u>744,406</u>
<b>Fund Balances</b>							
Unreserved:							
General Fund	96,498	-	-	-	-	-	96,498
Special Revenue Funds	-	251,549	36,959	91,170	184,271	83,519	647,468
Permanent Fund	-	-	-	-	-	440	440
<i>Total Fund Balances</i>	<u>\$ 96,498</u>	<u>\$ 251,549</u>	<u>\$ 36,959</u>	<u>\$ 91,170</u>	<u>\$ 184,271</u>	<u>\$ 83,959</u>	<u>\$ 744,406</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, 2007**

	GENERAL	GASOLINE TAX	CEMETERY	FIRE FUND	ROAD VOTED	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>							
Property and Other Local Taxes	\$ 18,754	\$ -	\$ 679	\$ 11,222	\$ 37,248	\$ 14,976	\$ 82,879
Licenses, Permits and Fees	868	-	12,525	-	-	-	13,393
Intergovernmental	21,907	84,061	1	1,367	4,547	13,235	125,118
Earnings on Investments	3,677	1,475	-	-	-	322	5,474
Miscellaneous	116	-	5,300	-	-	-	5,416
<b>Total Receipts</b>	<b>45,322</b>	<b>85,536</b>	<b>18,505</b>	<b>12,589</b>	<b>41,795</b>	<b>28,533</b>	<b>232,280</b>
<b>Disbursements</b>							
Current:							
General Government	73,729	-	-	-	-	-	73,729
Public Safety	5,497	-	-	124	-	-	5,621
Public Works	-	65,730	-	-	34,166	11,831	111,727
Health	7,184	-	22,761	-	-	-	29,945
Conservation-Recreation	1,676	-	-	-	-	-	1,676
Capital Outlay	617	-	-	-	-	-	617
<b>Total Disbursements</b>	<b>88,703</b>	<b>65,730</b>	<b>22,761</b>	<b>124</b>	<b>34,166</b>	<b>11,831</b>	<b>223,315</b>
Net Change in Fund Balances	(43,381)	19,806	(4,256)	12,465	7,629	16,702	8,965
Fund Balances Beginning of Year	139,879	231,743	41,215	78,705	176,642	67,257	735,441
Fund Balances End of Year	<u>\$ 96,498</u>	<u>\$ 251,549</u>	<u>\$ 36,959</u>	<u>\$ 91,170</u>	<u>\$ 184,271</u>	<u>\$ 83,959</u>	<u>\$ 744,406</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, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 19,449	\$ 19,449	\$ 18,754	\$ (695)
Licenses, Permits and Fees	1,030	1,030	868	(162)
Intergovernmental	24,838	24,838	21,907	(2,931)
Earnings on Investments	4,120	4,120	3,677	(443)
Miscellaneous	-	-	116	116
<i>Total receipts</i>	<u>49,437</u>	<u>49,437</u>	<u>45,322</u>	<u>(4,115)</u>
<b>Disbursements</b>				
Current:				
General Government	144,720	144,720	73,729	70,991
Public Safety	7,500	7,500	5,497	2,003
Health	26,500	26,500	7,184	19,316
Conservation-Recreation	10,500	10,500	1,676	8,824
Capital Outlay	6,400	6,400	617	5,783
<i>Total Disbursements</i>	<u>195,620</u>	<u>195,620</u>	<u>88,703</u>	<u>106,917</u>
<i>Net Change in Fund Balance</i>	(146,183)	(146,183)	(43,381)	102,802
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>139,879</u>	<u>139,879</u>	<u>139,879</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ (6,304)</u>	<u>\$ (6,304)</u>	<u>\$ 96,498</u>	<u>\$ 102,802</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  
GAS TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$ 72,100	\$ 72,100	\$ 84,061	\$ 11,961
Earnings on Investments	-	-	1,475	1,475
<i>Total receipts</i>	<u>72,100</u>	<u>72,100</u>	<u>85,536</u>	<u>13,436</u>
<b>Disbursements</b>				
Current:				
Public Works	<u>298,100</u>	<u>298,100</u>	<u>65,730</u>	<u>232,370</u>
<i>Total Disbursements</i>	<u>298,100</u>	<u>298,100</u>	<u>65,730</u>	<u>232,370</u>
<i>Net Change in Fund Balance</i>	(226,000)	(226,000)	19,806	245,806
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>231,743</u>	<u>231,743</u>	<u>231,743</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 5,743</u>	<u>\$ 5,743</u>	<u>\$ 251,549</u>	<u>\$ 245,806</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, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 18,138	\$ 18,138	\$ 679	\$ (17,459)
Licenses, Permits and Fees	9,270	9,270	12,525	3,255
Intergovernmental	2,024	2,024	1	(2,023)
Miscellaneous	8,766	8,766	5,300	(3,466)
<i>Total receipts</i>	<u>38,198</u>	<u>38,198</u>	<u>18,505</u>	<u>(19,693)</u>
<b>Disbursements</b>				
Current:				
Health	<u>59,200</u>	<u>59,200</u>	<u>22,761</u>	<u>36,439</u>
<i>Total Disbursements</i>	<u>59,200</u>	<u>59,200</u>	<u>22,761</u>	<u>36,439</u>
<i>Net Change in Fund Balance</i>	(21,002)	(21,002)	(4,256)	16,746
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>41,215</u>	<u>41,215</u>	<u>41,215</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 20,213</u>	<u>\$ 20,213</u>	<u>\$ 36,959</u>	<u>\$ 16,746</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  
FIRE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 12,062	\$ 12,062	\$ 11,222	\$ (840)
Intergovernmental	1,329	1,329	1,367	38
<i>Total receipts</i>	<u>13,391</u>	<u>13,391</u>	<u>12,589</u>	<u>(802)</u>
<b>Disbursements</b>				
Current:				
Public Safety	72,800	72,800	124	72,676
Capital Outlay	18,900	18,900	-	18,900
<i>Total Disbursements</i>	<u>91,700</u>	<u>91,700</u>	<u>124</u>	<u>91,576</u>
<i>Net Change in Fund Balance</i>	(78,309)	(78,309)	12,465	90,774
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>78,705</u>	<u>78,705</u>	<u>78,705</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 396</u>	<u>\$ 396</u>	<u>\$ 91,170</u>	<u>\$ 90,774</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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 40,400	\$ 40,400	\$ 37,248	\$ (3,152)
Intergovernmental	4,428	4,428	4,547	119
<i>Total receipts</i>	<u>44,828</u>	<u>44,828</u>	<u>41,795</u>	<u>(3,033)</u>
<b>Disbursements</b>				
Current:				
Public Works	202,000	202,000	34,166	167,834
Capital Outlay	18,000	18,000	-	18,000
<i>Total Disbursements</i>	<u>220,000</u>	<u>220,000</u>	<u>34,166</u>	<u>185,834</u>
<i>Net Change in Fund Balance</i>	(175,172)	(175,172)	7,629	182,801
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>176,642</u>	<u>176,642</u>	<u>176,642</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 1,470</u>	<u>\$ 1,470</u>	<u>\$ 184,271</u>	<u>\$ 182,801</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, 2007

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	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, 2007*

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

See accompanying notes to the basic financial statements

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**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

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

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**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.

**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. The Township contracts with the Williamsport-Deercreek Volunteer Fire Department for fire protection. Police protection is provided by Pickaway County Sheriff's Department. The Township contracts with the Village of Williamsport for emergency medical ambulance services.

**B. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools**

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.

**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 insurance 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, 2007  
(Continued)**

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**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, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange 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. Non major 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.

**Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), other non-exchange 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.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

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

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

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.

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 Fiscal Officer. 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.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

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

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

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 2006 the Township invested nonnegotiable certificates of deposits. The nonnegotiable certificates of deposit are reported at cost.

Interest receipts credited to the General Fund were \$3,677

**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.

**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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

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

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

**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 construction, 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.

**L. 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 2007.

**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 – 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 another 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 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 withdrawal 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.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

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

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**Note 4 – Deposits and Investments (Continued)**

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 per cent 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.

**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 \$651,508 of the Township's bank balance of \$751,508, including \$16,123 of certificates of deposit, were exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institutions trust department or agent, but not in the Township's name.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

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

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**Note 4 – Deposits and Investments (Continued)**

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, 2007 the Township had the following investments and maturities:

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

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

**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 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006 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 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2005, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 per cent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December, 31, 2006. 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, 2007 were \$6.70 per \$1000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

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

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**Note 5 – Property Taxes (Continued)**

Real Property	
Residential	\$6,099,540
Agriculture	\$5,397,550
Commercial/Industrial/Mineral	\$128,510
Public Utility Property	
Personal	\$763,020
Tangible Personal Property	<u>\$23,820</u>
Total Assessed Value	<u>\$12,412,440</u>

**Note 6 – 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.

The Township belongs to the OHIO Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio townships. OTARMA provide 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 \$350,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$350,000, up to \$2,650,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, up to \$10,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provided *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim of \$3,000,000.

**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 \$250,000 up \$600,000 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

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 \$600,000 million per occurrence limit.

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



**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

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

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**Note 6 – 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, 2006 and 2005 (latest information available):

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	(11,443,952)	(12,344,576)
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	(676,709)	(1,406,031)
Retained earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$12,916. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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.

**Note 7 – 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, 2007  
(Continued)**

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**Note 7 – 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, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 was 13.85 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, 2007, 2006, and 2005 were \$13,280, \$9,210, and \$13,688, respectively.

**Note 8 – 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 qualified survivor benefit 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 2007 local government employer contribution rate was 13.85 percent of covered payroll. The portion of the Township's contributions allocated to healthcare was 5.00% from January 1 through June 30, 2007 and 6.00% from July 1 through December 31, 2007.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.50 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 costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. 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 374,979. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

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

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**Note 8 – Postemployment Benefits (Continued)**

**A. Ohio Public Employees Retirement System (Continued)**

In September 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased January 1, 2007 and January which will allow additional funds to be allocated to the health care plan.

**Note 9 – Joint Ventures**

The Township is a participant with the Village of Williamsport in the Williamsport Village-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 10- 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 the Township, two members appointed by the Village of Williamsport and one member appointed by the Board Members. During 2007 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.

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# 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*

Deercreek Township  
Pickaway County  
104 South Main Street  
Williamsport, Ohio 43164

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 Deercreek Township, Pickaway County, Ohio (the Township) as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated April 4, 2008, wherein we 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.

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

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

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-002.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding number 2007-002 is also a material weakness.

We also noted a certain internal control matter that we reported to the Township's management in a separate letter dated April 4, 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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated April 4, 2008.

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



**Mary Taylor, CPA**  
Auditor of State

April 4, 2008

DEERCREEK TOWNSHIP  
PICKAWAY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2007

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

Finding Number	2007-001
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**Noncompliance Citation Significant Deficiency – Allocation of Interest**

Ohio Const. Art. XII, Section 5a and 1982 Op. Att’y Gen. No. 82-031 stipulate that interest earned on motor vehicle license or fuel tax must be paid into the fund to which the principal belongs.

For the months of July, September, and October of 2007 the Township recorded all interest earnings to the General Fund, including the proportional interest earnings on monies received for motor vehicle licenses and fuel tax in the amount of \$580.

The Township Fiscal Officer adjusted the accounting records of the Township to properly reflect the receipt of these monies. The adjustments are reflected in the financial statements.

We recommend the Township post all interest earnings to the appropriate fund in compliance with the above referenced sections, proportional to each fund's cash balance in the pooled cash invested.

Finding Number	2007-002
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**Financial Reporting - Significant Deficiency/Material Weakness**

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments were made to the December 31, 2007 financial statements and accounting records of the Township by the Fiscal Officer:

1. Entry to adjust \$2,752 expended for Health Insurance from the Road and Bridge Fund to the General Fund, as there were no salaries paid out of the Road and Bridge Fund.
2. Entry to adjust \$2,270 of intergovernmental revenues received in the form of tax rollbacks from the Fire Fund to the Road Voted Fund.
3. Entries to adjust \$7,646 of trustee salaries to the General Fund from the Motor Vehicle License Tax Fund (\$5,464) and Gas Tax Fund (\$2,182). Ninety-two percent of the Trustees’ salaries were charged to these funds when, according to the trustees, they spent only 65% of their time on road-related activities.
4. Entry in the amount of \$7,100 to classify the Cemetery Bequest Fund from Other Governmental Funds to Private Purpose Trust.

We recommend the Township implement additional procedures to provided assurance over the completeness and accuracy of financial information reported within the basic financial statements. Such procedures may include review of the financial statements including the notes to the financial statements by a member of management or an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

We did not receive a response from Officials’ to the findings reported above.

**DEERCREEK TOWNSHIP  
PICKAWAY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	Contrary to Ohio Const. Art. XII, Section 5a and 1982 Op. Att'y Gen. No. 82-031 the Township posted all interest earned to the General Fund.	No	Not Corrected. Repeated as Finding 2007-001
2006-002	Financial Reporting-Significant Deficiency/Material Weakness – Township should implement procedures to ensure accurate financial information is reported in financial statements	No	Not Corrected. Repeated as Finding 2007-002.





**Mary Taylor, CPA**  
Auditor of State

**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  
JUNE 10, 2008**