

Porter Township

Scioto County, Ohio

Regular Audit

For the Years Ended December 31, 2004 and 2003

BALESTRA, HARR & SCHERER, CPAs, INC.

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**Auditor of State
Betty Montgomery**

Board of Trustees
Porter Township
1535 Dogwood Ridge Road
Wheelersburg, Ohio 45694

We have reviewed the Independent Auditors' Report of Porter Township, Scioto County, prepared by Balestra, Harr & Scherer, CPAs, Inc. for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Porter Township is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

August 30, 2006

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Porter Township
Scioto County, Ohio
For the Years Ended December 31, 2004 and 2003
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Scioto County, Ohio
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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditors' Report

Board of Trustees
Porter Township
Scioto County, Ohio
1535 Dogwood Ridge Road
Wheelersburg, OH 45694

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund of Porter Township, Scioto County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003 which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the 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 cash basis financial position of the governmental activities including each major fund and the remaining fund information of Porter Township, Scioto County, Ohio as of December 31, 2004 and 2003, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General, Road and Bridge, Fire and Emergency Medical Services for 2004 and the General, Road and Bridge, Fire, Emergency Medical Services and FEMA Funds for 2003 in conformity with the accounting basis Note 1 describes..

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2005, 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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or compliance. 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 considering the results of the audits.

The Management's Discussion and Analysis at pages 3-8 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.

As discussed further in Note 1, for the years ended December 31, 2004 and 2003, 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. The Township also implemented Governmental Accounting Standards Board Statement No. 38 – *Certain Additional Note Disclosures*.



Balestra, Harr & Scherer, CPAs, Inc.

June 22, 2005

Porter Township, Scioto County
Management's Discussion and Analysis
For the Years Ended December 31, 2004 and 2003
Unaudited

This discussion and analysis of Porter Township's (the Township's) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2004 and 2003, within the limitations of the Township's 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 2004 and 2003 are as follows:

Net assets of governmental activities increased \$145,700, or 24.34 percent, in 2004. Net assets of governmental activities decreased \$349,197, or 36.85 percent in 2003. The fund most affected by the increase in cash and cash equivalents in 2004 was the General Fund, which realized the greatest increase of revenue in 2004. The fund most affected by the decrease in 2003 was the Special Revenue Fund, which realized the greatest burden of expenditures in 2003.

The Township's general receipts are primarily property taxes. These receipts represent respectively 66.08 percent of percent of the total cash received for governmental activities during 2004 and 66.72 percent of the total cash received for governmental activities during 2003. Property tax receipts for 2004 and 2003 changed little 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 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.

Porter Township, Scioto County
Management's Discussion and Analysis
For the Years Ended December 31, 2004 and 2003
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the 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 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 2004 and 2003, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at years end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and gasoline taxes.

In the statement of net assets and the statement of activities, we divide the Township into one type of activity:

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

Porter Township, Scioto County
Management's Discussion and Analysis
For the Years Ended December 31, 2004 and 2003
Unaudited

Reporting the Township's Most Significant Funds

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

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for 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. For 2004, the Township's major governmental funds are the General Fund, Road and Bridge Fund, Fire Fund, and Emergency Medical Services Fund. For 2003, the Township's major governmental funds are the General Fund, Road and Bridge Fund, Fire Fund, Emergency Medical Services Fund, and FEMA Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2004 compared to 2003 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2004	2003
Assets		
Cash and Cash Equivalents	\$136,106	\$90,207
Investments	608,129	508,326
Total Assets	\$744,235	\$598,533
 Net Assets		
Unrestricted	744,235	598,533
Total Net Assets	\$744,235	\$598,533

As mentioned previously, net assets of governmental activities increased \$145,700 or 24.34 percent during 2004. The primary reasons contributing to the increases in cash balances are as follows:

- General fund receipts increased from 2003 to 2004 primarily through estate tax receipts.

Porter Township, Scioto County
Management's Discussion and Analysis
For the Years Ended December 31, 2004 and 2003
Unaudited

Table 2 reflects the changes in net assets in 2004. Since the Township did not prepare financial statements in this format for 2002, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 2)
Changes in Net Assets

	Governmental Activities 2004	Governmental Activities 2003
Receipts:		
Program Receipts:		
Capital Grants and Contributions	\$658,073	\$449,278
Total Program Receipts	658,073	449,278
General Receipts:		
Property and Other Local Taxes	1,567,898	1,504,854
Grants and Entitlements Not Restricted to Specific Programs	71,580	188,837
Notes Issued	0	40,000
Interest	8,916	9,055
Miscellaneous	66,389	63,526
Total General Receipts	1,714,783	1,806,272
Total Receipts	2,372,856	2,255,550
Disbursements:		
General Government	323,828	535,929
Security of Persons and Property:		
Public Safety	989,884	1,080,738
Public Works	390,818	346,536
Health	161,719	105,030
Conservation-Recreation	55,273	462,530
Capital Outlay	218,621	27,666
Debt Service	87,011	46,318
Total Disbursements	2,227,154	2,604,747
Increase (Decrease) in Net Assets	145,702	(349,197)
Net Assets, January 1	598,533	947,730
Net Assets, December 31	\$744,235	\$598,533

Porter Township, Scioto County
Management's Discussion and Analysis
For the Years Ended December 31, 2004 and 2003
Unaudited

Program receipts represent 27.73 percent of total receipts in 2004 and 19.92 percent of total receipts in 2003 and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 72.27 percent of the Township's total receipts for 2004 and 80.08 percent of the Township's total receipts for 2003, and of this amount, 91.43 percent are property taxes in 2004 and 83.31 percent are property taxes in 2003. Grants and entitlements not restricted to Specific Programs represents 4.17 percent of general receipts for 2004 and 10.45 percent of general receipts for 2003. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of council, and the auditor, treasurer, and income tax departments, as well as internal services such as payroll and purchasing.

Governmental Activities

If you look at the Statement of Activities on pages 13 and 14, 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 general government and public works, which account for 30.2 and 37.2 percent of all governmental disbursements, respectively. The next column of the Statement entitled Program Cash Receipts identifies 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 2004	Total Cost Of Services 2003	Net Cost of Services 2004	Net Cost of Services 2003
General Government	\$323,828	\$535,929	\$93,974	\$535,929
Public Safety	989,884	1,080,738	695,941	741,215
Public Works	390,818	346,536	256,542	236,781
Health	161,719	105,030	161,719	105,030
Conservation-Recreation	55,273	462,530	55,273	462,530
Capital Outlay	218,621	27,666	218,621	27,666
Debt Service	87,011	46,318	87,011	46,318
Total Expenses	\$2,227,154	\$2,604,747	\$1,569,081	\$2,155,469

Porter Township, Scioto County
Management's Discussion and Analysis
For the Years Ended December 31, 2004 and 2003
Unaudited

The Township's Funds

Total governmental funds had receipts of \$2,372,856 and disbursements of \$2,227,154 in 2004 and receipts of \$2,255,550 and disbursements of \$2,604,747 in 2003. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$128,468 in 2004 as the result of increased estate tax receipts from the county. The fund balance of the General Fund decreased by (\$316,941) in 2003 as a result of increases in interfund transfers, notes issued, and general government and conservation recreation expenditures, as well as a decrease in public safety expenditures.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio Law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

During the course of fiscal years 2004 and 2003 the Township amended its General Fund budget several times. The Township uses fund budgeting and the budgeting systems are designed to tightly control the total funds' budget.

For 2004, General Fund budget basis receipts were \$545,306 and \$810,715 for 2003. Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2004 were \$608,838, \$128,468 under cash receipts. Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2003 were \$1,127,656, \$316,941 over cash receipts.

Debt

At December 31, 2004, the Township had no debt outstanding.

Current Financial Related Activities

Porter Township is strong financially. As the preceding information shows, the Township heavily depends on its taxpayers. However, financially the future is not without challenges.

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 Ted Adams, Clerk/Treasurer, Porter Township, 1535 Dogwood Ridge Road, Wheelersburg, Ohio 45694.

Porter Township, Scioto County
Statement of Net Assets - Cash Basis
December 31, 2004

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$744,235</u>
<i>Total Assets</i>	<u><u>\$744,235</u></u>
Net Assets	
Restricted for:	
Other Purposes	430,069
Unrestricted	<u>314,166</u>
<i>Total Net Assets</i>	<u><u>\$744,235</u></u>

See accompanying notes to the basic financial statements

Porter Township, Scioto County
Statement of Net Assets - Cash Basis
December 31, 2003

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$598,533</u>
<i>Total Assets</i>	<u><u>\$598,533</u></u>
Net Assets	
Restricted for:	
Other Purposes	412,835
Unrestricted	<u>185,698</u>
<i>Total Net Assets</i>	<u><u>\$598,533</u></u>

See accompanying notes to the basic financial statements

Porter Township, Scioto County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2004

	General	Road and Bridge Fund	Fire Fund	Emergency Medical Services Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$57,436	\$14,019	\$13,474	\$37,292	\$13,885	\$136,106
Investments	256,730	62,520	59,979	166,457	62,443	608,129
<i>Total Assets</i>	<u>\$314,166</u>	<u>\$76,539</u>	<u>\$73,453</u>	<u>\$203,749</u>	<u>\$76,328</u>	<u>\$744,235</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$314,166	\$0	\$0	\$0	\$0	\$314,166
Special Revenue Funds	0	76,539	73,453	203,749	76,328	430,069
<i>Total Fund Balances</i>	<u>\$314,166</u>	<u>\$76,539</u>	<u>\$73,453</u>	<u>\$203,749</u>	<u>\$76,328</u>	<u>\$744,235</u>

See accompanying notes to the basic financial statements

Porter Township, Scioto County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2003

	General	Road and Bridge Fund	Fire Fund	Emergency Medical Services Fund	FEMA Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$22,549	\$17,255	\$12,370	\$28,517	\$0	\$17,407	\$98,098
Investments	163,149	88,030	63,078	145,484	0	40,694	500,435
<i>Total Assets</i>	<u>\$185,698</u>	<u>\$105,285</u>	<u>\$75,448</u>	<u>\$174,001</u>	<u>\$0</u>	<u>\$58,101</u>	<u>\$598,533</u>
Fund Balances							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	\$185,698	\$0	\$0	\$0	\$0	\$0	\$185,698
Special Revenue Funds		105,285	75,448	174,001	0	58,101	412,835
<i>Total Fund Balances</i>	<u>\$185,698</u>	<u>\$105,285</u>	<u>\$75,448</u>	<u>\$174,001</u>	<u>\$0</u>	<u>\$58,101</u>	<u>\$598,533</u>

See accompanying notes to the basic financial statements

Porter Township, Scioto County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2004

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
General Government	\$323,828	\$229,854	(\$93,974)
Public Safety	989,884	293,943	(695,941)
Public Works	390,818	134,276	(256,542)
Health	161,719	0	(161,719)
Conservation-Recreation	55,273	0	(55,273)
Capital Outlay	218,621	0	(218,621)
Debt Service	87,011	0	(87,011)
<i>Total Governmental Activities</i>	\$2,227,154	\$658,073	(\$1,569,081)
General Receipts			
Property Taxes Levied for:			
General Purposes			1,567,898
Grants and Entitlements not Restricted to Specific Programs			71,582
Interest			8,916
Miscellaneous			66,389
<i>Total General Receipts</i>			1,714,785
Change in Net Assets			145,702
<i>Net Assets Beginning of Year</i>			598,533
<i>Net Assets End of Year</i>			\$744,235

See accompanying notes to the basic financial statements

Porter Township, Scioto County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2003

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Operating Grants and Contributions	Governmental Activities
Governmental Activities			
General Government	\$535,929	\$0	(\$535,929)
Public Safety	1,080,738	339,523	(741,215)
Public Works	346,536	109,755	(236,781)
Health	105,030	0	(105,030)
Conservation-Recreation	462,530	0	(462,530)
Capital Outlay	27,666	0	(27,666)
Debt Service	46,318	0	(46,318)
<i>Total Governmental Activities</i>	2,604,747	449,278	(2,155,469)
General Receipts			
Property Taxes Levied for:			
General Purposes			1,504,854
Grants and Entitlements not Restricted to Specific Programs			188,837
Notes Issued			40,000
Interest			9,055
Miscellaneous			63,526
<i>Total General Receipts</i>			1,806,272
Change in Net Assets			(349,197)
<i>Net Assets Beginning of Year</i>			947,730
<i>Net Assets End of Year</i>			\$598,533

See accompanying notes to the basic financial statements

Porter Township, Scioto County
Statement of Cash Receipts, Disbursements and Changes in-Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2004

	General	Road and Bridge Fund	Fire Fund	Emergency Medical Services Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$377,881	\$252,807	\$273,195	\$495,708	\$168,307	\$1,567,898
Charges for Services	34,201	0	0	0	0	34,201
Licenses, Permits and Fees	76,292	0	0	0	0	76,292
Intergovernmental	229,854	29,739	31,434	58,109	308,937	658,073
Interest	8,515	0	0	0	401	8,916
Other	8,100	136	10,459	6,318	0	25,013
<i>Total Receipts</i>	<u>734,843</u>	<u>282,682</u>	<u>315,088</u>	<u>560,135</u>	<u>477,645</u>	<u>2,370,393</u>
Disbursements						
Current:						
General Government	323,828	0	0	0	0	323,828
Public Safety	0	0	270,746	522,885	196,253	989,884
Public Works	0	295,845	0	0	94,973	390,818
Health	161,719	0	0	0	0	161,719
Conservation-Recreation	55,273	0	0	0	0	55,273
Capital Outlay	3,804	15,583	20,252	10,790	168,192	218,621
Debt Service:						
Principal Retirement	40,000	0	44,069	0	0	84,069
Interest and Fiscal Charges	694	0	2,248	0	0	2,942
<i>Total Disbursements</i>	<u>585,318</u>	<u>311,428</u>	<u>337,315</u>	<u>533,675</u>	<u>459,418</u>	<u>2,227,154</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>149,525</u>	<u>(28,746)</u>	<u>(22,227)</u>	<u>26,460</u>	<u>18,227</u>	<u>143,239</u>
Other Financing Sources (Uses)						
Transfers In	0	0	20,232	3,288	0	23,520
Transfers Out	(23,520)	0	0	0	0	(23,520)
Other Financing Sources	2,463	0	0	0	0	2,463
<i>Total Other Financing Sources (Uses)</i>	<u>(21,057)</u>	<u>0</u>	<u>20,232</u>	<u>3,288</u>	<u>0</u>	<u>2,463</u>
<i>Net Change in Fund Balances</i>	128,468	(28,746)	(1,995)	29,748	18,227	145,702
<i>Fund Balances Beginning of Year</i>	<u>185,698</u>	<u>105,285</u>	<u>75,448</u>	<u>174,001</u>	<u>58,101</u>	<u>598,533</u>
<i>Fund Balances End of Year</i>	<u>\$314,166</u>	<u>\$76,539</u>	<u>\$73,453</u>	<u>\$203,749</u>	<u>\$76,328</u>	<u>\$744,235</u>

See accompanying notes to the basic financial statements

Porter Township, Scioto County
Statement of Cash Receipts, Disbursements and Changes in-Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2003

	General	Road and Bridge Fund	Fire Fund	Emergency Medical Services Fund	FEMA Fund	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$364,612	\$242,230	\$261,633	\$474,846	\$0	\$161,533	\$1,504,854
Licenses, Permits and Fees	62,171	0	0	0	0	0	62,171
Intergovernmental	126,675	28,966	30,622	56,606	230,478	102,597	575,944
Interest	8,856	0	0	0	0	199	9,055
Other	8,361	10,730	9,825	13,343	0	0	42,259
<i>Total Receipts</i>	<u>570,675</u>	<u>281,926</u>	<u>302,080</u>	<u>544,795</u>	<u>230,478</u>	<u>264,329</u>	<u>2,194,283</u>
Disbursements							
Current:							
General Government	535,929	0	0	0	0	0	535,929
Public Safety	21,360	0	304,072	602,875	0	152,431	1,080,738
Public Works	0	268,146	0	0	0	78,390	346,536
Health	105,030	0	0	0	0	0	105,030
Conservation-Recreation	462,530	0	0	0	0	0	462,530
Capital Outlay	2,807	3,999	1,737	19,123	0	0	27,666
Debt Service:							
Principal Retirement	0	0	41,931	0	0	0	41,931
Interest and Fiscal Charges	0	0	4,387	0	0	0	4,387
<i>Total Disbursements</i>	<u>1,127,656</u>	<u>272,145</u>	<u>352,127</u>	<u>621,998</u>	<u>0</u>	<u>230,821</u>	<u>2,604,747</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(556,981)</u>	<u>9,781</u>	<u>(50,047)</u>	<u>(77,203)</u>	<u>230,478</u>	<u>33,508</u>	<u>(410,464)</u>
Other Financing Sources (Uses)							
Notes Issued	40,000	0	0	0	0	0	40,000
Transfers In	178,773	33,264	11,643	6,798	0	0	230,478
Transfers Out	0	0	0	0	(230,478)	0	(230,478)
Other Financing Sources	21,267	0	0	0	0	0	21,267
<i>Total Other Financing Sources (Uses)</i>	<u>240,040</u>	<u>33,264</u>	<u>11,643</u>	<u>6,798</u>	<u>(230,478)</u>	<u>0</u>	<u>61,267</u>
<i>Net Change in Fund Balances</i>	<u>(316,941)</u>	<u>43,045</u>	<u>(38,404)</u>	<u>(70,405)</u>	<u>0</u>	<u>33,508</u>	<u>(349,197)</u>
<i>Fund Balances Beginning of Year</i>	<u>502,638</u>	<u>62,239</u>	<u>113,851</u>	<u>244,405</u>	<u>0</u>	<u>24,597</u>	<u>947,730</u>
<i>Fund Balances End of Year</i>	<u>\$185,697</u>	<u>\$105,284</u>	<u>\$75,447</u>	<u>\$174,000</u>	<u>\$0</u>	<u>\$58,105</u>	<u>\$598,533</u>

See accompanying notes to the basic financial statements

Porter Township, Scioto County
Statement of Cash Receipts, Disbursements and Changes in-Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2003

	General	Road and Bridge Fund	Fire Fund	Emergency Medical Services Fund	FEMA Fund	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$364,612	\$242,230	\$261,633	\$474,846	\$0	\$161,533	\$1,504,854
Licenses, Permits and Fees	62,171	0	0	0	0	0	62,171
Intergovernmental	126,675	28,966	30,622	56,606	230,478	102,597	575,944
Interest	8,856	0	0	0	0	199	9,055
Other	8,361	10,730	9,825	13,343	0	0	42,259
<i>Total Receipts</i>	<u>570,675</u>	<u>281,926</u>	<u>302,080</u>	<u>544,795</u>	<u>230,478</u>	<u>264,329</u>	<u>2,194,283</u>
Disbursements							
Current:							
General Government	535,929	0	0	0	0	0	535,929
Public Safety	21,360	0	304,072	602,875	0	152,431	1,080,738
Public Works	0	268,146	0	0	0	78,390	346,536
Health	105,030	0	0	0	0	0	105,030
Conservation-Recreation	462,530	0	0	0	0	0	462,530
Capital Outlay	2,807	3,999	1,737	19,123	0	0	27,666
Debt Service:							
Principal Retirement	0	0	41,931	0	0	0	41,931
Interest and Fiscal Charges	0	0	4,387	0	0	0	4,387
<i>Total Disbursements</i>	<u>1,127,656</u>	<u>272,145</u>	<u>352,127</u>	<u>621,998</u>	<u>0</u>	<u>230,821</u>	<u>2,604,747</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(556,981)</u>	<u>9,781</u>	<u>(50,047)</u>	<u>(77,203)</u>	<u>230,478</u>	<u>33,508</u>	<u>(410,464)</u>
Other Financing Sources (Uses)							
Notes Issued	40,000	0	0	0	0	0	40,000
Transfers In	178,773	33,264	11,643	6,798	0	0	230,478
Transfers Out	0	0	0	0	(230,478)	0	(230,478)
Other Financing Sources	21,267	0	0	0	0	0	21,267
<i>Total Other Financing Sources (Uses)</i>	<u>240,040</u>	<u>33,264</u>	<u>11,643</u>	<u>6,798</u>	<u>(230,478)</u>	<u>0</u>	<u>61,267</u>
<i>Net Change in Fund Balances</i>	<u>(316,941)</u>	<u>43,045</u>	<u>(38,404)</u>	<u>(70,405)</u>	<u>0</u>	<u>33,508</u>	<u>(349,197)</u>
<i>Fund Balances Beginning of Year</i>	<u>502,638</u>	<u>62,239</u>	<u>113,851</u>	<u>244,405</u>	<u>0</u>	<u>24,597</u>	<u>947,730</u>
<i>Fund Balances End of Year</i>	<u>\$185,697</u>	<u>\$105,284</u>	<u>\$75,447</u>	<u>\$174,000</u>	<u>\$0</u>	<u>\$58,105</u>	<u>\$598,533</u>

See accompanying notes to the basic financial statements

Porter Township, Scioto County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$280,415	\$377,881	\$377,881	\$0
Charges for Services	25,380	34,201	34,201	0
Licenses, Permits and Fees	56,614	76,292	76,292	0
Intergovernmental	170,568	229,854	229,854	0
Interest	6,319	8,515	8,515	0
Other	6,010	8,100	8,100	0
<i>Total receipts</i>	<u>545,306</u>	<u>734,843</u>	<u>734,843</u>	<u>0</u>
Disbursements				
Current:				
General Government	434,708	323,828	323,828	0
Health	217,093	161,719	161,719	0
Conservation-Recreation	74,199	55,273	55,273	0
Capital Outlay	5,000	3,804	3,804	0
Debt Service:				
Principal Retirement	0	40,000	40,000	0
Interest and Fiscal Charges	0	694	694	0
<i>Total Disbursements</i>	<u>731,000</u>	<u>585,318</u>	<u>585,318</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(185,694)</u>	<u>149,525</u>	<u>149,525</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers Out	0	(23,520)	(23,520)	0
Other Financing Sources	0	2,463	2,463	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(21,057)</u>	<u>(21,057)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(185,694)	128,468	128,468	0
<i>Fund Balance Beginning of Year</i>	185,698	185,698	185,698	0
<i>Fund Balance End of Year</i>	<u>\$4</u>	<u>\$314,166</u>	<u>\$314,166</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Porter Township, Scioto County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$236,153	\$252,807	\$252,807	\$0
Intergovernmental	27,780	29,739	29,739	0
Other	127	136	136	0
<i>Total receipts</i>	<u>264,060</u>	<u>282,682</u>	<u>282,682</u>	<u>0</u>
Disbursements				
Current:				
Public Works	329,345	295,845	295,845	0
Capital Outlay	40,000	15,583	15,583	0
<i>Total Disbursements</i>	<u>369,345</u>	<u>311,428</u>	<u>311,428</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(105,285)</u>	<u>(28,746)</u>	<u>(28,746)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(105,285)	(28,746)	(28,746)	0
<i>Fund Balance Beginning of Year</i>	105,285	105,285	105,285	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$76,539</u>	<u>\$76,539</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Porter Township, Scioto County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$257,903	\$273,195	\$273,195	\$0
Intergovernmental	29,674	31,434	31,434	0
Other	9873	10,459	10,459	0
<i>Total receipts</i>	<u>297,450</u>	<u>315,088</u>	<u>315,088</u>	<u>0</u>
Disbursements				
Current:				
Public Safety	321,581	270,746	270,746	0
Capital Outlay	5,000	20,252	20,252	0
Debt Service:				
Principal Retirement	44,069	44,069	44,069	0
Interest and Fiscal Charges	2,248	2,248	2,248	0
<i>Total Disbursements</i>	<u>372,898</u>	<u>337,315</u>	<u>337,315</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(75,448)</u>	<u>(22,227)</u>	<u>(22,227)</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers In	0	20,232	20,232	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>20,232</u>	<u>20,232</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(75,448)	(1,995)	(1,995)	0
<i>Fund Balance Beginning of Year</i>	75,448	75,448	75,448	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$73,453</u>	<u>\$73,453</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Porter Township, Scioto County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Emergency Medical Services Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$455,144	\$495,708	\$495,708	\$0
Intergovernmental	53,355	58,109	58,109	0
Other	5,801	6,318	6,318	0
<i>Total receipts</i>	514,300	560,135	560,135	0
Disbursements				
Current:				
Public Safety	678,301	522,885	522,885	0
Capital Outlay	10,000	10,790	10,790	0
<i>Total Disbursements</i>	688,301	533,675	533,675	0
<i>Excess of Receipts Over (Under) Disbursements</i>	(174,001)	26,460	26,460	0
Other Financing Sources (Uses)				
Transfers In	0	3,288	3,288	0
<i>Total Other Financing Sources (Uses)</i>	0	3,288	3,288	0
<i>Net Change in Fund Balance</i>	(174,001)	29,748	29,748	0
<i>Fund Balance Beginning of Year</i>	174,448	174,001	174,001	0
<i>Fund Balance End of Year</i>	\$447	\$203,749	\$203,749	\$0

See accompanying notes to the basic financial statements

Porter Township, Scioto County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$340,000	\$364,612	\$364,612	\$0
Licenses, Permits and Fees	62,000	62,171	62,171	0
Intergovernmental	97,883	126,675	126,675	0
Interest	0	8,856	8,856	0
Other	0	8,361	8,361	0
<i>Total receipts</i>	<u>499,883</u>	<u>570,675</u>	<u>570,675</u>	<u>0</u>
Disbursements				
Current:				
General Government	434,255	535,929	535,929	0
Public Safety	80,000	21,360	21,360	0
Health	85,105	105,030	105,030	0
Conservation-Recreation	374,781	462,530	462,530	0
Capital Outlay	10,000	2,807	2,807	0
<i>Total Disbursements</i>	<u>984,141</u>	<u>1,127,656</u>	<u>1,127,656</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(484,258)</u>	<u>(556,981)</u>	<u>(556,981)</u>	<u>0</u>
Other Financing Sources (Uses)				
Sale of Notes	0	40,000	40,000	0
Transfers In	0	178,773	178,773	0
Other Financing Sources	0	21,267	21,267	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>240,040</u>	<u>240,040</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(484,258)	(316,941)	(316,941)	0
<i>Fund Balance Beginning of Year</i>	<u>502,638</u>	<u>502,638</u>	<u>502,638</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$18,380</u></u>	<u><u>\$185,697</u></u>	<u><u>\$185,697</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

Porter Township, Scioto County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$267,000	\$242,230	\$242,230	\$0
Intergovernmental	2,323	28,966	28,966	0
Other	0	10,730	10,730	0
<i>Total receipts</i>	<u>269,323</u>	<u>281,926</u>	<u>281,926</u>	<u>0</u>
Disbursements				
Current:				
Public Works	320,300	268,146	268,146	0
Capital Outlay	10,000	3,999	3,999	0
<i>Total Disbursements</i>	<u>330,300</u>	<u>272,145</u>	<u>272,145</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(60,977)</u>	<u>9,781</u>	<u>9,781</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers In	0	33,264	33,264	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>33,264</u>	<u>33,264</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(60,977)	43,045	43,045	0
<i>Fund Balance Beginning of Year</i>	<u>62,239</u>	<u>62,239</u>	<u>62,239</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,262</u>	<u>\$105,284</u>	<u>\$105,284</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Porter Township, Scioto County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$284,000	\$261,633	\$261,633	\$0
Intergovernmental	4,040	30,622	30,622	0
Other	0	9,825	9,825	0
<i>Total receipts</i>	288,040	302,080	302,080	0
Disbursements				
Current:				
Public Safety	340,499	304,072	304,072	0
Capital Outlay	3,000	1,737	1,737	0
Debt Service:				
Principal Retirement	41,931	41,931	41,931	0
Interest and Fiscal Charges	4,386	4,387	4,387	0
<i>Total Disbursements</i>	389,816	352,127	352,127	0
<i>Excess of Receipts Over (Under) Disbursements</i>	(101,776)	(50,047)	(50,047)	0
Other Financing Sources (Uses)				
Transfers In	0	11,643	11,643	0
<i>Total Other Financing Sources (Uses)</i>	0	11,643	11,643	0
<i>Net Change in Fund Balance</i>	(101,776)	(38,404)	(38,404)	0
<i>Fund Balance Beginning of Year</i>	113,851	113,851	113,851	0
<i>Fund Balance End of Year</i>	\$12,075	\$75,447	\$75,447	\$0

See accompanying notes to the basic financial statements

Porter Township, Scioto County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Emergency Medical Services Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$520,000	\$474,846	\$474,846	\$0
Intergovernmental	4,040	56,606	56,606	0
Other	0	13,343	13,343	0
<i>Total receipts</i>	524,040	544,795	544,795	0
Disbursements				
Current:				
Public Safety	758,300	602,875	602,875	0
Capital Outlay	10,000	19,123	19,123	0
<i>Total Disbursements</i>	768,300	621,998	621,998	0
<i>Excess of Receipts Over (Under) Disbursements</i>	(244,260)	(77,203)	(77,203)	0
Other Financing Sources (Uses)				
Transfers In	0	6,798	6,798	0
<i>Total Other Financing Sources (Uses)</i>	0	6,798	6,798	0
<i>Net Change in Fund Balance</i>	(244,260)	(70,405)	(70,405)	0
<i>Fund Balance Beginning of Year</i>	244,405	244,405	244,405	0
<i>Fund Balance End of Year</i>	\$145	\$174,000	\$174,000	\$0

See accompanying notes to the basic financial statements

Porter Township, Scioto County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
FEMA Fund
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$0	\$230,478	\$230,478	\$0
<i>Total receipts</i>	<u>0</u>	<u>230,478</u>	<u>230,478</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers Out	0	(230,478)	(230,478)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(230,478)</u>	<u>(230,478)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Porter Township
Scioto County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Porter Township, Scioto County (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Scioto County Sheriff's Office to provide police services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

Money market mutual funds (including STAROhio) are recorded at share values reported by the mutual fund.

D. Fund Accounting

The Township's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designated to demonstrate legal compliance and to aid management by segregating transactions related to specific Township functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

Governmental funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The difference between governmental fund assets and cash disbursements is reported as fund balance. The following is the Township's major governmental funds:

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

Porter Township
Scioto County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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

Fire Fund - This fund receives property tax money to purchase fire equipment and provide fire protection services to residents of the Township.

Emergency Medical Services Fund - This fund receives property tax money to provide ambulatory services to residents of the Township.

FEMA Fund - This fund receives grants from the Federal Emergency Management Agency for disaster relief.

E. Basis of Presentation

For fiscal year 2003 the Township has implemented the provisions of GASB 34 for financial reporting on a cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America and GASB 38, for certain financial statement note disclosures. However, there are no adjustments to beginning fund balances since the basis of accounting has not changed. The Township's basic financial statements consist of government-wide statements, including a statement of net cash assets and statement of activities, and fund financial statements that provide a more detailed level of financial information.

F. Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government.

The statement of net assets-cash basis presents the cash basis financial condition of governmental activities of the Township at year-end. The statement of activities-cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the Township's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services identifiable to a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the Township. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general cash receipts of the Township.

G. Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds in order 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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Porter Township
Scioto County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Basis of Accounting

The Township prepares its financial statements and notes in accordance with the cash receipts and disbursements basis of governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

As a result of the use of the 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 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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

I. Cash Receipts—Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the cash basis when the exchange takes place. On a cash basis, receipts are recorded in the year in which the resources are received.

Non-exchange transactions, in which the Township receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On a cash basis, receipts from property taxes are recognized in the year in which the monies have been received.

J. Cash Disbursements

On the cash basis of accounting, disbursements are recognized at the time payments are made.

K. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

Porter Township
Scioto County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled, and re-appropriated in the subsequent year.

L. Capital Assets and Depreciation

Capital assets (fixed assets) acquired or constructed for the Township are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported separately of the financial statements.

M. Compensated Absences

Vacation and sick leave benefits are not accrued under the cash basis of accounting as previously described.

N. Long-Term Obligations

In general, bonds, long-term loans, and capital leases are recorded as cash disbursements in the basic financial statements when paid.

O. Net Cash Assets

Net cash assets represent the difference between assets and liabilities. Net cash assets consist of cash receipts reduced by cash disbursements for the current year. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted for Other Purposes is comprised of net assets restricted for grants. The Township applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

P. Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide financial statements, transfers within governmental activities are eliminated.

Porter Township
Scioto County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2004	2003
Demand Deposits	\$136,106	\$90,207
STAROhio	608,129	508,326
Total Deposits and Investments	\$744,235	\$598,533

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution for its public deposits. StarOhio is an uncategorized investment since it is not evidenced by securities that exist in physical or book entry form.

3. DEBT

General Obligation Notes:

Fire Truck – At December 31, 2002 the Township had outstanding notes of \$86,000 for the purchase of a new Fire Truck. On July 31, 2003 the Township made a principal payment of \$41,931 and paid the remaining principal balance of \$44,069 on July 26, 2004.

Pool Property – On December 2, 2003 the Township issued the sale of Recreational Facility Notes of \$40,000 to purchase property in the Township. The Township paid the balance of the notes on November 2, 2004.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 22.

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

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

5. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2004 and 2003. The Township has paid all contributions required through December 31, 2004.

6. RISK MANAGEMENT

Commercial Insurance

The Township provides health insurance to its officials and full-time employees through a private carrier.

Porter Township
Scioto County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

6. RISK MANAGEMENT (Continued)

Risk Pool Membership

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 governments 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. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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 government.

Risk Pool Membership

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities, and retained earnings at December 31, 2003 and 2002 (the latest information available):

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	<u>(11,791,300)</u>	<u>(9,197,512)</u>
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>
 <u>Property Coverage</u>		
Assets	\$6,791,060	\$6,596,996
Liabilities	<u>(750,956)</u>	<u>(1,204,326)</u>
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>

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Ohio Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Porter Township
Scioto County, Ohio
1535 Dogwood Ridge Road
Wheelersburg, OH 45694

We have audited the accompanying financial statements of Porter Township, Scioto County, Ohio (the Township), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 22, 2005. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2004-001.

We also noted certain additional matters that we reported to management of the Township in a separate letter dated June 22, 2005.

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



Balestra, Harr & Scherer, CPAs, Inc.

June 22, 2005

Porter Township
Scioto County, Ohio
Schedule of Prior Audit Findings
For the Years Ended December 31, 2004 and 2003

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

FINDING NUMBER 2004-001

Noncompliance Citation

Ohio Rev. Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. This certificate need be signed only by the Township Clerk. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements.

- A. Then and Now Certificates – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipts of such certificate.
- B. If the amount involved is less than \$1,000 dollars (which was increased to \$3,000 on April 7, 2003), the Township Clerk may authorize payment through a Then and Now Certificate without affirmation of the Township Trustees, if such expenditures is otherwise valid.

We found that forty-one percent (41%) of nonpayroll disbursements tested for 2003 and twenty-nine percent (29%) of nonpayroll disbursements tested for 2004 had invoice dates that preceded the dates of the corresponding purchase orders or blanket certificates.

We recommend the Township not expend funds without obtaining the fiscal officer's certificate prior to an obligation being incurred.

Porter Township
 Scioto County, Ohio
 Schedule of Prior Audit Findings
 For the Years Ended December 31, 2004 and 2003

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2002-001	Ohio Revised Code Section 5705.41 (D), failure to certify funds.	No	Not corrected. Refer to finding 2004-001



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PORTER TOWNSHIP

SCIOTO 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 7, 2006**