



**SHERMAN TOWNSHIP
HURON COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2005



**Auditor of State
Betty Montgomery**



Mary Taylor, CPA
Auditor of State

January 18, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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**SHERMAN TOWNSHIP
HURON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Sherman Township
Huron County
6465 Bismark Road
Bellevue, Ohio 44811-9781

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 Sherman Township, Huron County, Ohio (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sherman Township, Huron County, Ohio, as of December 31, 2005, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Motor Vehicle License Tax, Gasoline Tax, and Road and Bridge funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2006, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Betty Montgomery
Auditor of State

December 20, 2006

**SHERMAN TOWNSHIP
HURON COUNTY**

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

This discussion and analysis of Sherman Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2005 are as follows:

- The Township was approved for two Ohio Public Works Commission Grants entitled, Dogtown Road, \$149,999 and Dogtown Road North Curve, \$131,000.
- Net assets decreased \$21,987, or 23 percent, primarily due to anticipated road maintenance and projects.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's modified cash basis of accounting.

Report Components

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

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

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

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**SHERMAN TOWNSHIP
HURON COUNTY**

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

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the 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 or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

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

The statement of net assets and the statement of activities reflect the Township's governmental activities. State grants, property taxes, and the Local Government Fund finance most of these activities.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds - not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All funds of the Township are categorized as 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. The Township's major governmental funds are the General Fund; Motor Vehicle License Tax, Gasoline Tax, and Road and Bridge special revenue funds; OPWC (Ohio Public Works Commission) Dogtown Road Project and OPWC Dogtown Road North Curve capital project funds.

**SHERMAN TOWNSHIP
HURON COUNTY**

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

The Township as a Whole

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

(Table 1)
Net Assets

	Governmental Activities	
	2005	2004
Assets		
Cash and Cash Equivalents	\$73,493	\$95,480
Net Assets		
Restricted for:		
Other Purposes	60,409	76,037
Unrestricted	13,084	19,443
Total Net Assets	\$73,493	\$95,480

Net assets decreased \$21,987 during 2005. The primary reason contributing to the decrease in cash balances is anticipated road maintenance and projects.

Table 2 reflects the changes in net assets in 2005.

Program receipts represent about 85 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money and grant monies. General receipts represent 15 percent of the Township's total receipts, and of this amount, over 44 percent are local taxes. State grants and entitlements make up the balance of the Township's general receipts (50 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources. Overall, with the exception of program receipts for capital grants and contributions and the increase in Motor Vehicle License and Gas Taxes, program receipts were fairly comparable to the prior year. In 2004, the Township received grant monies for one CDBG project, but in 2005, they received grant monies for portions of the two OPWC projects which are larger projects. In 2005, the Motor Vehicle and Gas Tax increased by \$5,816 and \$9,141, respectively.

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, insurance, and other internal services. Overall, the disbursements remained consistent with the prior year with the exception of capital outlay. The increase in capital outlay is due to work beginning on the two large OPWC projects during 2005.

**SHERMAN TOWNSHIP
HURON COUNTY**

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

(Table 2)
Changes in Net Assets

	Governmental Activities 2005	Governmental Activities 2004
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$310	\$485
Operating Grants and Contributions	91,568	76,611
Capital Grants and Contributions	225,400	70,000
Total Program Receipts	<u>317,278</u>	<u>147,096</u>
General Receipts:		
Property and Other Local Taxes	24,680	24,604
Grants and Entitlements Not Restricted to Specific Programs	27,605	34,805
Earnings on Investments	2,835	1,140
Miscellaneous	61	322
Total General Receipts	<u>55,181</u>	<u>60,871</u>
Total Receipts	<u>372,459</u>	<u>207,967</u>
Disbursements:		
General Government	42,792	43,100
Public Works	72,040	39,684
Health	1,059	1,226
Other		22
Capital Outlay	278,555	98,572
Total Disbursements	<u>394,446</u>	<u>182,604</u>
 Change in Net Assets	 (21,987)	 25,363
 Net Assets, January 1	 <u>95,480</u>	 <u>70,117</u>
Net Assets, December 31	<u><u>\$73,493</u></u>	<u><u>\$95,480</u></u>

Governmental Activities

If you look at the Statement of Activities, 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 capital outlay of \$278,555. Public works and general government also represent significant costs. The next three columns of the Statement entitled Program

**SHERMAN TOWNSHIP
HURON COUNTY**

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

Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2005	2005	2004	2004
General Government	\$42,792	\$42,522	\$43,100	\$42,655
Public Works	72,040	(19,568)	39,684	(36,967)
Health	1,059	1,059	1,226	1,226
Other			22	22
Capital Outlay	278,555	53,155	98,572	28,572
Total Expenses	\$394,446	\$77,168	\$182,604	\$35,508

The dependence upon property tax and intergovernmental receipts is apparent as over 13 percent of governmental activities are supported through these general receipts.

The net costs of services remained relatively consistent from 2004 to 2005. The largest differences noted are in public works which is due to the increase in gas taxes received and in capital outlay which is due to beginning the work on the OPWC projects.

The Township's Funds

Total governmental funds had receipts of \$372,459 and disbursements of \$394,446. The greatest change within governmental funds occurred within the Gasoline Tax Fund, the Motor Vehicle License Tax Fund, and the General Fund. The fund balance of the Gasoline Tax Fund decreased \$20,380 due to the increased capital outlay expenditures with the OPWC Projects being started. The fund balance of the Motor Vehicle License Tax Fund increased \$7,270 due to an increase in Motor Vehicle License Taxes received. The fund balance of the General Fund decreased \$6,359 as the result of increased costs for salaries and benefits and not achieving anticipated growth in income and property tax receipts.

General Fund receipts were less than disbursements by \$6,359 indicating that the General Fund is in a deficit spending situation. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers.

General Fund Budgeting Highlights

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

**SHERMAN TOWNSHIP
HURON COUNTY**

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

During 2005, the Township amended its General Fund budget several times to reflect changing circumstances. Overall, the changes were not significant. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$61,206 while actual disbursements were \$48,065. Actual disbursements for general government and other financing uses were \$7,906 and \$4,008 less than budgeted due to the actual cost of expenditures being less than anticipated.

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 property and real estate taxes, Local Government Funds, and grants. We are a small farming community. We have no industry to support the tax base. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Township. We will continue to make attempts to make further budget cuts as needed, in areas where we feel it will have the least impact on services.

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 Christine Bumb, Fiscal Officer, Sherman Township, 6465 Bismark Road, Bellevue, Ohio 44811-9781.

**SHERMAN TOWNSHIP
HURON COUNTY**

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

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$73,493</u>
Net Assets	
Restricted for:	
Other Purposes	\$60,409
Unrestricted	<u>13,084</u>
<i>Total Fund Balances</i>	<u>\$73,493</u>

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

**SHERMAN TOWNSHIP
HURON COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities					
Current:					
General Government	\$42,792	\$270		(\$42,522)	
Public Works	72,040	40	91,568	19,568	
Health	1,059			(1,059)	
Capital Outlay	278,555		\$225,400	(53,155)	
<i>Total Governmental Activities</i>	\$394,446	\$310	\$91,568	\$225,400	(77,168)
General Receipts					
				24,680	
				27,605	
				2,835	
				61	
				<i>Total General Receipts</i>	
				55,181	
				Change in Net Assets	
				(21,987)	
				<i>Net Assets Beginning of Year</i>	
				95,480	
				<i>Net Assets End of Year</i>	
				\$73,493	

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

**SHERMAN TOWNSHIP
HURON COUNTY**

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

	General	Motor Vehicle License Tax	Gasoline Tax	Road and Bridge	Other Governmental	Total
Assets						
Equity in Pooled Cash and Cash Equivalents	\$13,084	\$15,255	\$37,402	\$7,509	\$243	\$73,493
Fund Balances						
Unreserved:						
Undesignated, Reported in:						
General Fund	\$13,084					\$13,084
Special Revenue		15,255	37,402	7,509	243	60,409
Total Fund Balances	\$13,084	\$15,255	\$37,402	\$7,509	\$243	\$73,493

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

**SHERMAN TOWNSHIP
HURON COUNTY**

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

	General	Motor Vehicle License Tax	Gasoline Tax	Road and Bridge	OPWC - Dogtown Road Project	OPWC - Dogtown Road North Curve	Other Governmental	Total
Receipts								
Local Taxes	\$14,330			\$10,350				\$24,680
Intergovernmental	26,244	14,335	77,233	1,361	141,800	83,600		344,573
Licenses, Permits, and Fees	270							270
Special Assessments							40	40
Earnings on Investments	851	372	1,612					2,835
Miscellaneous			50					50
<i>Total Receipts</i>	<u>41,695</u>	<u>14,707</u>	<u>78,895</u>	<u>11,711</u>	<u>141,800</u>	<u>83,600</u>	<u>40</u>	<u>372,448</u>
Disbursements								
Current:								
General Government	42,792							42,792
Public Works	4,214	7,437	46,120	14,209			60	72,040
Health	1,059							1,059
Capital Outlay			53,155		141,800	83,600		278,555
<i>Total Disbursements</i>	<u>48,065</u>	<u>7,437</u>	<u>99,275</u>	<u>14,209</u>	<u>141,800</u>	<u>83,600</u>	<u>60</u>	<u>394,446</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(6,370)	7,270	(20,380)	(2,498)			(20)	(21,998)
Other Financing Sources (Uses)								
Other Financing Sources	11							11
<i>Net Change in Fund Balances</i>	(6,359)	7,270	(20,380)	(2,498)			(20)	(21,987)
<i>Fund Balances Beginning of Year</i>	19,443	7,985	57,782	10,007			263	95,480
<i>Fund Balances End of Year</i>	<u>\$13,084</u>	<u>\$15,255</u>	<u>\$37,402</u>	<u>\$7,509</u>			<u>\$243</u>	<u>\$73,493</u>

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

**SHERMAN TOWNSHIP
HURON COUNTY**

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Local Taxes	\$13,950	\$13,950	\$14,330	\$380
Intergovernmental	25,466	26,913	26,244	(669)
Licenses, Permits, and Fees	450	450	270	(180)
Earnings on Investments	400	400	851	451
Miscellaneous	25	25		(25)
<i>Total receipts</i>	<u>40,291</u>	<u>41,738</u>	<u>41,695</u>	<u>(43)</u>
Disbursements				
Current:				
General Government	50,598	50,698	42,792	7,906
Public Safety	100	100		100
Public Works	4,600	4,600	4,214	386
Health	1,800	1,800	1,059	741
<i>Total Disbursements</i>	<u>57,098</u>	<u>57,198</u>	<u>48,065</u>	<u>9,133</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(16,807)</u>	<u>(15,460)</u>	<u>(6,370)</u>	<u>9,090</u>
Other Financing Sources (Uses)				
Other Financing Sources	25	25	11	(14)
Other Financing Uses	(2,661)	(4,008)		4,008
<i>Total Other Financing Sources (Uses)</i>	<u>(2,636)</u>	<u>(3,983)</u>	<u>11</u>	<u>3,994</u>
<i>Net Change in Fund Balance</i>	<u>(19,443)</u>	<u>(19,443)</u>	<u>(6,359)</u>	<u>13,084</u>
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>19,443</u>	<u>19,443</u>	<u>19,443</u>	
<i>Fund Balance - Budget Basis End of Year</i>	<u><u> </u></u>	<u><u> </u></u>	<u><u>\$13,084</u></u>	<u><u>\$13,084</u></u>

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

**SHERMAN TOWNSHIP
HURON COUNTY**

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

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Receipts				
Intergovernmental	11,600	11,600	14,335	2,735
Earnings on Investments	130	130	372	242
Miscellaneous	20	20		(20)
<i>Total receipts</i>	11,750	11,750	14,707	2,957
Disbursements				
Current:				
Public Works	9,735	9,735	7,437	2,298
Capital Outlay	10,000	10,000		10,000
<i>Total Disbursements</i>	19,735	19,735	7,437	12,298
<i>Net Change in Fund Balance</i>	(7,985)	(7,985)	7,270	15,255
<i>Fund Balance - Budget Basis Beginning of Year</i>	7,985	7,985	7,985	
<i>Fund Balance - Budget Basis End of Year</i>	7,985	7,985	\$15,255	\$15,255

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

**SHERMAN TOWNSHIP
HURON COUNTY**

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	70,000	70,000	77,233	7,233
Earnings on Investments	550	550	1,612	1,062
Miscellaneous	50	50	50	
<i>Total receipts</i>	<u>70,600</u>	<u>70,600</u>	<u>78,895</u>	<u>8,295</u>
Disbursements				
Current:				
Public Works	58,040	58,040	46,120	11,920
Capital Outlay	70,342	70,342	53,155	17,187
<i>Total Disbursements</i>	<u>128,382</u>	<u>128,382</u>	<u>99,275</u>	<u>29,107</u>
<i>Net Change in Fund Balance</i>	(57,782)	(57,782)	(20,380)	37,402
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>57,782</u>	<u>57,782</u>	<u>57,782</u>	
<i>Fund Balance - Budget Basis End of Year</i>	<u><u> </u></u>	<u><u> </u></u>	<u><u>\$37,402</u></u>	<u><u>\$37,402</u></u>

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

**SHERMAN TOWNSHIP
HURON COUNTY**

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Local Taxes	\$10,400	\$10,400	\$10,350	(\$50)
Intergovernmental	990	990	1,361	371
Miscellaneous	100	100		(100)
<i>Total receipts</i>	<u>11,490</u>	<u>11,490</u>	<u>11,711</u>	<u>221</u>
Disbursements				
Current:				
Public Works	15,500	15,500	14,209	1,291
Capital Outlay	5,997	5,997		5,997
<i>Total Disbursements</i>	<u>21,497</u>	<u>21,497</u>	<u>14,209</u>	<u>7,288</u>
<i>Net Change in Fund Balance</i>	(10,007)	(10,007)	(2,498)	7,509
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>10,007</u>	<u>10,007</u>	<u>10,007</u>	
<i>Fund Balance - Budget Basis End of Year</i>	<u><u> </u></u>	<u><u> </u></u>	<u><u>\$7,509</u></u>	<u><u>\$7,509</u></u>

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

**SHERMAN TOWNSHIP
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 1 - REPORTING ENTITY

Sherman Township, Huron County, is a body politic and corporate established in 1840 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 Fiscal Officer. 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 Huron River Joint Fire District provides fire protection. Police protection is provided by the Huron County Sheriff's Department.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, 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 Township. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. The Township has no business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support 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.

**SHERMAN TOWNSHIP
HURON COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund; Motor Vehicle License Tax, Gasoline Tax, Road and Bridge special revenue funds; and OPWC-Dogtown Rd. Project and OPWC-Dogtown Rd. North Curve Project capital project funds 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 other major governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose such as the maintenance and repair of township roads, equipment, purchase of operating supplies, contracted services, and salaries.

C. Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. 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.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

**SHERMAN TOWNSHIP
HURON COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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.

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. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

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

During 2005, the Township invested only in STAR Ohio.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2005.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$851 which includes \$335 assigned from other Township funds.

F. 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.

G. 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.

**SHERMAN TOWNSHIP
HURON COUNTY**

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budgetary Basis presented for the general fund and major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There were no encumbrances or advances outstanding at the end of 2005 (budgetary basis) for the general fund or the major special revenue funds.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

**SHERMAN TOWNSHIP
HURON COUNTY**

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

NOTE 4 - DEPOSITS AND INVESTMENTS – (CONTINUED)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

Deposits

The Township's deposits are insured by the Federal Deposit Insurance Corporation, and per the depository agreement with the financial institution pursuant to the Ohio Revised Code Sections 135.18 and 135.181. Ohio law requires that deposits be either insured or be protected by eligible securities pledged 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. The year end bank balance was completely covered by the FDIC.

Investments

All of the District's investments were with STAR Ohio during the period presented. STAR Ohio carries a rating of AAAM by Standard and Poor's. This is the highest rating obtainable. A triple-A rating ascertains that STAR Ohio is considered to have a superior capacity to maintain principal and limit exposure to loss. The rating is based on an analysis of the Pool's management, investment guidelines, portfolio holdings and market price exposure. The amount held in STAR Ohio as of December 31, 2005, was \$58,566. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

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 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**SHERMAN TOWNSHIP
HURON COUNTY**

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

NOTE 5 - PROPERTY TAXES – (CONTINUED)

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

The full tax rate for all Township operations for the year ended December 31, 2005, was \$3.10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential	\$4,879,360
Agriculture	3,628,808
Commercial/Industrial/Mineral	35,000
Public Utility Property	
Real	6,650
Personal	318,320
Tangible Personal Property	100,330
Total Assessed Value	\$8,968,468

NOTE 6 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005 the Township contracted with VFIS of Ohio. Coverage provided by VFIS of Ohio is as follows:

Legal Liability	\$1 million	Per Occurrence
Automobile Liability	1 million	Per Occurrence
Law Enforcement Operations	1 million	Per Occurrence
Wrongful Acts	1 million	Per Occurrence
Property	135,434	Total Coverage

Once the township uses the first \$1 million per occurrence then a \$1 million umbrella policy takes effect. Technically, it gives \$2 million coverage per occurrence on each liability. There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs. The Township does not offer coverage for employee health or liability insurance.

**SHERMAN TOWNSHIP
HURON COUNTY**

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

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.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003, were \$3,766, \$3,607, and \$2,671 respectively. The full amount has been contributed for 2005, 2004 and 2003. Contributions to the member-directed plan for 2005 were \$1,079 made by the Township and \$676 made by the plan members.

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 primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

**SHERMAN TOWNSHIP
HURON COUNTY**

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

NOTE 8 - POSTEMPLOYMENT BENEFITS – (CONTINUED)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$1,511. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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

NOTE 9 - CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

NOTE 10 - SUBSEQUENT EVENTS

In 2006, the Township was awarded an Ohio Public Works Commission Grant for Dogtown Road South Curve (\$81,339) and a Community Development Block Grant for Thomas Road Phase 1 Project (\$20,000).



**Auditor of State
Betty Montgomery**

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

Sherman Township
Huron County
6465 Bismark Road
Bellevue, Ohio 44811-9781

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 Sherman Township, Huron County (the Township) as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated December 20, 2006, wherein we noted the Township prepared its financial statements on the modified cash basis of accounting. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated December 20, 2006, we reported a matter involving internal control over financial reporting we did not deem a reportable condition.

One Government Center / Room 1420 / Toledo, OH 43604-2246
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484
www.auditor.state.oh.us

Compliance and Other Matters

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

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 20, 2006



Mary Taylor, CPA
Auditor of State

SHERMAN TOWNSHIP

HURON 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
JANUARY 25, 2007**