

Vernon Township

Scioto County, Ohio

Regular Audit

For the Years Ended December 31, 2005 and 2004

**BALESTRA, HARR & SCHERER, CPAs, INC.**

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

---

Telephone (740) 289-4131

Fax (740) 289-3639

[www.bhscpas.com](http://www.bhscpas.com)





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Vernon Township  
P.O. Box 82  
Wheelersburg, Ohio 45694

We have reviewed the *Independent Auditors' Report* of Vernon Township, Scioto County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2004 through December 31, 2005. 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. Vernon Township is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

September 6, 2006

**This Page is Intentionally Left Blank.**

**VERNON TOWNSHIP**  
**TABLE OF CONTENTS**

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis As of December 31, 2005.....	9
Statement of Net Assets – Cash Basis As of December 31, 2004.....	10
Statement of Activities – Cash Basis For the Year Ended December 31, 2005.....	11
Statement of Activities – Cash Basis For the Year Ended December 31, 2004.....	12
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances -Governmental Funds As of December 31, 2005.....	13
Statement of Cash Basis Assets and Fund Balances -Governmental Funds As of December 31, 2004.....	15
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds For the Year Ended December 31, 2005.....	17
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds For the Year Ended December 31, 2004.....	19
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2005.....	21
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.....	22
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Gasoline Tax Fund For the Year Ended December 31, 2005.....	23
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.....	24
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Vernon Cemetery Fund For the Year Ended December 31, 2005.....	25

Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Fire Special Levy Fund For the Year Ended December 31, 2005.....	26
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Ambulance Fund For the Year Ended December 31, 2005.....	27
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2004.....	28
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, 2004.....	29
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Gasoline Tax Fund For the Year Ended December 31, 2004.....	30
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.....	31
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Vernon Cemetery Fund For the Year Ended December 31, 2004.....	32
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Fire Special Levy Fund For the Year Ended December 31, 2004.....	33
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Ambulance Fund For the Year Ended December 31, 2004.....	34
Notes to the Basic Financial Statements.....	35
Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	46
Schedule of Findings.....	48
Schedule of Prior Year Findings.....	49

# BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

---

Telephone (740) 289-4131  
Fax (740) 289-3639  
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

## Independent Auditors' Report

Board of Trustees  
Vernon Township  
Scioto County, Ohio  
P.O. Box 82  
Wheelersburg, Ohio 45694

We have audited the accompanying financial statements of the governmental activities and each major fund of Vernon Township, Scioto County, Ohio, (the Township) as of and for the years ended December 31, 2005 and 2004 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 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 2, 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 and each major fund of Vernon Township, Scioto County, Ohio as of December 31, 2005 and 2004, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General, MVLT, Gasoline, Road and Bridge, Cemetery, Fire, and Ambulance funds, thereof for the years then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 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. 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*, and should be considered in assessing the results of our audits.

Vernon Township  
Independent Auditors' Report

The Management's Discussion and Analysis on 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 3, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard (GASB) No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosure*, and implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures".



Balestra, Harr & Scherer, CPAs, Inc.  
June 30, 2006

Vernon Township, Scioto County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
Unaudited

---

This discussion and analysis of Vernon Township's (the Township's) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2005 and 2004, 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.

Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because 2004 is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not available. Subsequent reports will include the comparative information.

### **Highlights**

Key highlights for 2005 and 2004 are as follows:

Net assets of governmental activities increased \$28,361, or 11.19 percent, in 2005. Net assets of governmental activities increased \$29,921, or 13.38 percent in 2004. The fund most affected by the increase in cash and cash equivalents in 2005 was the Gasoline Fund, which realized the greatest increase of receipts in 2005. The fund most affected by the increase in 2004 was the Fire Fund, which realized an increase of receipts in 2004.

The Township's general receipts are primarily property and other local taxes, and intergovernmental receipts. These receipts represent respectively 60.61, and 35.53 percent of the total cash received for governmental activities during 2005 and 39.16, and 38.71 percent of the total cash received for governmental activities during 2004. Local tax receipts for 2005 increased by 9.07 percent mostly due to increase property values. Intergovernmental receipts for 2005 decreased by 35.32 percent mostly due to decreased receipts from federal grant monies.

### **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.

Vernon Township, Scioto County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
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 2005 and 2004, within the limitations of cash basis accounting. The statement of net assets presents the cash balances 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 taxes and intergovernmental monies.

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

Vernon Township, Scioto County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
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. For both 2005 and 2004, the Township's major governmental funds are the General, Motor Vehicle and License Tax, Gasoline Tax, Road and Bridge, Vernon Cemetery, Fire Special Levy, and Ambulance Funds. 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 2005 compared to 2004 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities	
	2005	2004
<b>Assets</b>		
Cash and Cash		
Equivalents	\$281,856	\$253,495
Total Assets	\$281,856	\$253,495
<b>Net Assets</b>		
Restricted	\$239,462	\$210,424
Unrestricted	\$42,394	\$43,071
Total Net Assets	\$281,856	\$253,495

As mentioned previously, net assets of governmental activities decreased \$28,361 or 11.19 percent during 2005. The primary reasons contributing to the decreases in cash balances are as follows:

- During 2005 gasoline tax receipts increased and overall disbursements remained relatively consistent.

Net assets of governmental activities increased \$29,921 or 13.38 percent during 2004. The primary reasons contributing to the increase in cash balances are as follows:

- Fire Fund receipts increased in 2004 primarily due to the receipt of a grant from the Department of Homeland Security.

Vernon Township, Scioto County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
Unaudited

---

Table 2 reflects the changes in net assets in 2005 and 2004.

(Table 2)		
<b>Changes in Net Assets</b>		
	Governmental Activities 2005	Governmental Activities 2004
Receipts:		
Program Receipts:		
Charges for Services	\$3,343	\$2,695
Operating Grants and Contributions	115,187	189,285
<b>Total Program Receipts</b>	<b>118,530</b>	<b>191,980</b>
General Receipts:		
Property and Other Local Taxes	228,832	209,806
Grants and Entitlements Not Restricted to Specific Programs	18,973	18,145
Proceeds from Debt	0	80,000
Insurance Proceeds	0	25,339
Sale of Capital Asset	0	1,000
Interest	7,521	7,425
Miscellaneous	3,719	2,103
<b>Total General Receipts</b>	<b>259,045</b>	<b>343,818</b>
<b>Total Receipts</b>	<b>377,575</b>	<b>535,798</b>
Disbursements:		
General Government	50,930	48,767
Public Safety	154,268	123,094
Public Works	105,362	122,149
Health	3,007	2,067
Capital Outlay	7,675	192,921
Debt Service	27,972	16,879
<b>Total Disbursements</b>	<b>349,214</b>	<b>505,877</b>
<b>Increase / (Decrease) in Net Assets</b>	<b>28,361</b>	<b>29,921</b>
Net Assets, January 1	253,495	223,574
<b>Net Assets, December 31</b>	<b>\$281,856</b>	<b>\$253,495</b>

Vernon Township, Scioto County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
Unaudited

---

Program receipts represent 31.39 percent of total receipts in 2005 and 35.83 percent of total receipts in 2004 and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 68.61 percent of the Township's total receipts for 2005 and 64.17 percent of the Township's total receipts for 2004, and of this amount, 88.34 percent are local taxes in 2005 and 61.02 percent are local taxes in 2004. Grants and Entitlements not restricted to Specific Programs represents 5.02 percent of general receipts for 2005 and 5.28 percent of general receipts for 2004. 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 Clerk, Fire, EMS, as well as internal services such as payroll and purchasing.

**Governmental Activities**

If you look at the Statement of Activities on pages 11 and 12, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and public works, which account for 44.18 and 30.17 percent of all governmental disbursements, respectively in 2005 and 24.33 and 24.15, respectively in 2004. 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 mainly provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost Of Services 2005	Total Cost Of Services 2004	Net Cost of Services 2005	Net Cost of Services 2004
General Government	\$50,930	\$48,767	\$47,587	\$46,072
Public Safety	154,268	123,094	136,722	17,368
Public Works	105,362	122,149	7,721	38,590
Health	3,007	2,067	3,007	2,067
Capital Outlay	7,675	192,921	7,675	192,921
Debt Service	27,972	16,879	27,972	16,879
<b>Total Expenses</b>	<b>\$349,214</b>	<b>\$505,877</b>	<b>\$230,684</b>	<b>\$313,897</b>

Vernon Township, Scioto County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
Unaudited

---

**The Township's Funds**

Total governmental funds had total receipts of \$377,575 and disbursements of \$349,214 in 2005 and receipts and other financing sources of \$535,798 and disbursements of \$505,877 in 2004. The greatest change in 2005 within governmental funds occurred within the Gasoline Fund. In 2005, the fund balance of the Gasoline Fund increased \$17,118 as the result of increased revenues. In 2004, the fund balance of the Fire Fund increased by \$30,536 as a result of an increase in revenues because of a grant from the United States Department of Homeland Security.

**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 calendar years 2005 and 2004 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 2005, General Fund budget basis actual receipts were \$56,076 and \$51,301 for 2004. Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2005 were \$56,753, \$677 over cash receipts. Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2004 were \$57,248, \$5,947 under cash receipts.

**Debt**

At December 31, 2005, the Township had debt outstanding of \$97,842 for a fire truck and \$73,138 for a fire truck. For additional information on debt, see Note 10 to the basic financial statements.

**Current Financial Related Activities**

Vernon 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 Sandra Belford, Clerk/Treasurer, Vernon Township, P.O. Box 82, Wheelersburg, Ohio 45694.

**Vernon Township, Scioto County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2005*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 281,856
<i>Total Assets</i>	\$ 281,856
<b>Net Assets</b>	
Restricted for:	
Public Safety	\$ 58,005
Other Purposes	181,457
Unrestricted	42,394
<i>Total Net Assets</i>	\$ 281,856

See accompanying notes to the basic financial statements

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

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 253,495
<i>Total Assets</i>	<i>\$ 253,495</i>
<b>Net Assets</b>	
Restricted for:	
Public Safety	\$ 72,796
Other Purposes	137,628
Unrestricted	43,071
<i>Total Net Assets</i>	<i>\$ 253,495</i>

See accompanying notes to the basic financial statements

**This Page is Intentionally Left Blank.**

**Vernon Township, Scioto County**  
*Statement of Activities - 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	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$ 50,930	\$ 3,343	\$ -	\$ (47,587)
Public Safety	154,268	-	17,546	(136,722)
Public Works	105,362	-	97,641	(7,721)
Health	3,007	-	-	(3,007)
Capital Outlay	7,675	-	-	(7,675)
Debt Service	27,972	-	-	(27,972)
<i>Total Governmental Activities</i>	\$ 349,214	\$ 3,343	\$ 115,187	\$ (230,684)
<b>General Receipts</b>				
Property Taxes Levied for:				
General Purposes				28,307
Other Purposes				200,525
Grants and Entitlements not Restricted to Specific Programs				18,973
Interest				7,521
Miscellaneous				3,719
<i>Total General Receipts</i>				<u>259,045</u>
Change in Net Assets				28,361
<i>Net Assets Beginning of Year</i>				<u>253,495</u>
<i>Net Assets End of Year</i>				<u><u>\$ 281,856</u></u>

See accompanying notes to the basic financial statements

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

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$ 48,767	\$ 2,695	\$ -	\$ (46,072)
Public Safety	123,094	-	105,726	(17,368)
Public Works	122,149	-	83,559	(38,590)
Health	2,067	-	-	(2,067)
Capital Outlay	192,921	-	-	(192,921)
Debt Service	16,879	-	-	(16,879)
<i>Total Governmental Activities</i>	<i>\$ 505,877</i>	<i>\$ 2,695</i>	<i>\$ 189,285</i>	<i>\$ (313,897)</i>
<b>General Receipts</b>				
Property Taxes Levied for:				
				25,048
				184,758
				18,145
				80,000
				25,339
				1,000
				7,425
				2,103
<i>Total General Receipts</i>				<i>343,818</i>
Change in Net Assets				29,921
<i>Net Assets Beginning of Year</i>				<i>223,574</i>
<i>Net Assets End of Year</i>				<i>\$ 253,495</i>

See accompanying notes to the basic financial statements

**Vernon Township, Scioto County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2005*

	<u>General</u>	<u>Motor Vehicle Lic. Tax</u>	<u>Gasoline Tax</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 42,394	\$ 46,211	\$ 57,571
<i>Total Assets</i>	<u>\$ 42,394</u>	<u>\$ 46,211</u>	<u>\$ 57,571</u>
<b>Fund Balances</b>			
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	42,394	-	-
Special Revenue Funds	-	46,211	57,571
<i>Total Fund Balances</i>	<u>\$ 42,394</u>	<u>\$ 46,211</u>	<u>\$ 57,571</u>

*continued*

See accompanying notes to the basic financial statements

Road and Bridge	Vernon Cemetery	Fire Special Levy	Ambulance Special Levy	Total Governmental Funds
\$ 70,321	\$ 7,354	\$ 57,787	\$ 218	\$ 281,856
<u>\$ 70,321</u>	<u>\$ 7,354</u>	<u>\$ 57,787</u>	<u>\$ 218</u>	<u>\$ 281,856</u>
-	-	-	-	42,394
70,321	7,354	57,787	218	239,462
<u>\$ 70,321</u>	<u>\$ 7,354</u>	<u>\$ 57,787</u>	<u>\$ 218</u>	<u>\$ 281,856</u>

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

	<u>General</u>	<u>Motor Vehicle License Tax</u>	<u>Gasoline Tax</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 43,071	\$ 35,372	\$ 40,453
<i>Total Assets</i>	<u>\$ 43,071</u>	<u>\$ 35,372</u>	<u>\$ 40,453</u>
<b>Fund Balances</b>			
Reserved:			
Reserved for Encumbrances	\$ 69	\$ -	\$ 557
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	43,002	-	-
Special Revenue Funds	-	35,372	39,896
<i>Total Fund Balances</i>	<u>\$ 43,071</u>	<u>\$ 35,372</u>	<u>\$ 40,453</u>

*continued*

See accompanying notes to the basic financial statements

Road and Bridge	Vernon Cemetery	Fire Special Levy	Ambulance Special Levy	Total Governmental Funds
\$ 56,112	\$ 5,691	\$ 72,287	\$ 509	\$ 253,495
<u>\$ 56,112</u>	<u>\$ 5,691</u>	<u>\$ 72,287</u>	<u>\$ 509</u>	<u>\$ 253,495</u>
\$ -	\$ 7	\$ -	\$ -	\$ 633
-	-	-	-	43,002
56,112	5,684	72,287	509	209,860
<u>\$ 56,112</u>	<u>\$ 5,691</u>	<u>\$ 72,287</u>	<u>\$ 509</u>	<u>\$ 253,495</u>

**Vernon Township  
Scioto County, Ohio**

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

	<u>General</u>	<u>MVL Tax</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>
<b>Cash Receipts:</b>				
Local Taxes	\$28,307	\$ 10,626	\$ -	\$ 37,187
Intergovernmental	18,973	11,913	80,692	5,036
Licenses, Permits, and Fees	3,343	-	-	-
Earnings on Investments	5,447	1,139	935	-
Other Revenue	6	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	56,076	23,678	81,627	42,223
<b>Cash Disbursements:</b>				
Current:				
General Government	50,930	-	-	-
Public Safety	4,623	-	-	-
Public Works	-	12,839	64,509	28,014
Health	1,200	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	56,753	12,839	64,509	28,014
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(677)	10,839	17,118	14,209
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(677)	10,839	17,118	14,209
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	43,071	35,372	40,453	56,112
<b>Fund Cash Balances, December 31</b>	<hr/>	<hr/>	<hr/>	<hr/>
	<b>\$42,394</b>	<b>\$ 46,211</b>	<b>\$ 57,571</b>	<b>\$ 70,321</b>

*continued*

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

<u>Vernon Cemetery</u>	<u>Fire Special Levy</u>	<u>Ambulance</u>	<u>Total</u>
\$ -	\$ 94,369	\$ 58,343	\$ 228,832
-	11,098	6,448	134,160
-	-	-	3,343
-	-	-	7,521
<u>3,470</u>	<u>243</u>	<u>-</u>	<u>3,719</u>
<u>3,470</u>	<u>105,710</u>	<u>64,791</u>	<u>377,575</u>
-	-	-	50,930
-	84,563	65,082	154,268
-	-	-	105,362
1,807	-	-	3,007
-	7,675	-	7,675
-	18,331	-	18,331
-	9,641	-	9,641
<u>1,807</u>	<u>120,210</u>	<u>65,082</u>	<u>349,214</u>
<u>1,663</u>	<u>(14,500)</u>	<u>(291)</u>	<u>28,361</u>
1,663	(14,500)	(291)	28,361
<u>5,691</u>	<u>72,287</u>	<u>509</u>	<u>253,495</u>
<u>\$ 7,354</u>	<u>\$ 57,787</u>	<u>\$ 218</u>	<u>\$ 281,856</u>

**Vernon Township  
Scioto County, Ohio**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General</u>	<u>MVL Tax</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>
<b>Cash Receipts:</b>				
Local Taxes	\$ 25,048	\$ 10,362	\$ -	\$ 31,444
Intergovernmental	18,145	11,752	67,226	4,581
Licenses, Permits, and Fees	2,695	-	-	-
Earnings on Investments	5,315	1,259	851	-
Other Revenue	98	-	224	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	51,301	23,373	68,301	36,025
<b>Cash Disbursements:</b>				
Current:				
General Government	48,767	-	-	-
Public Safety	5,469	-	-	-
Public Works	-	31,686	62,052	28,411
Health	-	-	-	-
Capital Outlay	2,943	-	-	-
Debt Service				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	57,179	31,686	62,052	28,411
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(5,878)	(8,313)	6,249	7,614
<b>Other Financing Receipts and (Disbursements):</b>				
Proceeds from Debt	-	-	-	-
Insurance Proceeds	-	-	-	-
Sale of Fixed Assets	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	-	-	-	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(5,878)	(8,313)	6,249	7,614
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	48,949	43,685	34,204	48,498
<b>Fund Cash Balances, December 31</b>	<hr/>	<hr/>	<hr/>	<hr/>
	<b>\$ 43,071</b>	<b>\$ 35,372</b>	<b>\$ 40,453</b>	<b>\$ 56,112</b>

*continued*

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

<u>Vernon Cemetery</u>	<u>Fire Special Levy</u>	<u>Ambulance</u>	<u>Total</u>
\$ -	\$ 89,039	\$ 53,913	\$ 209,806
-	98,647	7,079	207,430
-	-	-	2,695
-	-	-	7,425
<u>1,575</u>	<u>206</u>	<u>-</u>	<u>2,103</u>
<u>1,575</u>	<u>187,892</u>	<u>60,992</u>	<u>429,459</u>
-	-	-	48,767
-	56,838	60,787	123,094
-	-	-	122,149
2,067	-	-	2,067
-	189,978	-	192,921
-	10,927	-	10,927
-	5,952	-	5,952
<u>2,067</u>	<u>263,695</u>	<u>60,787</u>	<u>505,877</u>
<u>(492)</u>	<u>(75,803)</u>	<u>205</u>	<u>(76,418)</u>
-	80,000	-	80,000
-	25,339	-	25,339
-	1,000	-	1,000
<u>-</u>	<u>106,339</u>	<u>-</u>	<u>106,339</u>
(492)	30,536	205	29,921
<u>6,183</u>	<u>41,751</u>	<u>304</u>	<u>223,574</u>
<u>\$ 5,691</u>	<u>\$ 72,287</u>	<u>\$ 509</u>	<u>\$ 253,495</u>

**Vernon 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, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 26,051	\$ 26,051	\$ 28,307	\$ 2,256
Intergovernmental	16,101	16,101	18,973	2,872
Licenses, Permits and Fees	-	-	3,343	3,343
Interest	5,400	5,400	5,447	47
Other	100	100	6	(94)
<i>Total receipts</i>	<u>47,652</u>	<u>47,652</u>	<u>56,076</u>	<u>8,424</u>
<b>Disbursements</b>				
Current:				
General Government	74,386	74,386	50,930	23,456
Public Safety	7,500	7,500	4,623	2,877
Public Works	4,000	4,000	-	4,000
Health	3,836	3,836	1,200	2,636
Capital Outlay	1,000	1,000	-	1,000
<i>Total Disbursements</i>	<u>90,722</u>	<u>90,722</u>	<u>56,753</u>	<u>33,969</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(43,070)</u>	<u>(43,070)</u>	<u>(677)</u>	<u>42,393</u>
<i>Net Change in Fund Balance</i>	(43,070)	(43,070)	(677)	42,393
<i>Fund Balance Beginning of Year</i>	43,002	43,002	43,002	-
Prior Year Encumbrances Appropriated	<u>69</u>	<u>69</u>	<u>69</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 42,394</u>	<u>\$ 42,393</u>

See accompanying notes to the basic financial statements

**Vernon Township, Scioto County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Motor Vehicle License Tax*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 7,000	\$ 7,000	\$ 10,626	\$ 3,626
Intergovernmental	6,000	6,000	11,913	5,913
Interest	1,375	1,375	1,139	(236)
<i>Total receipts</i>	14,375	14,375	23,678	9,303
<b>Disbursements</b>				
Current:				
Public Works	47,700	47,700	12,839	34,861
Capital Outlay	47	47	-	47
<i>Total Disbursements</i>	47,747	47,747	12,839	34,908
<i>Excess of Receipts Over (Under) Disbursements</i>	(33,372)	(33,372)	10,839	44,211
<i>Net Change in Fund Balance</i>	(33,372)	(33,372)	10,839	44,211
<i>Fund Balance Beginning of Year</i>	35,372	35,372	35,372	-
<i>Fund Balance End of Year</i>	\$ 2,000	\$ 2,000	\$ 46,211	\$ 44,211

See accompanying notes to the basic financial statements

**Vernon Township, Scioto County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Gasoline Tax*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$ 46,826	\$ 46,826	\$ 80,692	\$ 33,866
Interest	880	880	935	55
<i>Total receipts</i>	<u>47,706</u>	<u>47,706</u>	<u>81,627</u>	<u>33,921</u>
<b>Disbursements</b>				
Current:				
Public Works	85,590	85,590	64,509	21,081
Capital Outlay	2,569	2,569	-	2,569
<i>Total Disbursements</i>	<u>88,159</u>	<u>88,159</u>	<u>64,509</u>	<u>23,650</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(40,453)</u>	<u>(40,453)</u>	<u>17,118</u>	<u>57,571</u>
<i>Net Change in Fund Balance</i>	(40,453)	(40,453)	17,118	57,571
<i>Fund Balance Beginning of Year</i>	39,896	39,896	39,896	-
Prior Year Encumbrances Appropriated	<u>557</u>	<u>557</u>	<u>557</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,571</u>	<u>\$ 57,571</u>

See accompanying notes to the basic financial statements

**Vernon Township, Scioto County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Road and Bridge*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 30,100	\$ 30,100	\$ 37,187	\$ 7,087
Intergovernmental	2,900	2,900	5,036	2,136
<i>Total receipts</i>	<u>33,000</u>	<u>33,000</u>	<u>42,223</u>	<u>9,223</u>
<b>Disbursements</b>				
Current:				
Public Works	89,112	89,112	28,014	61,098
<i>Total Disbursements</i>	<u>89,112</u>	<u>89,112</u>	<u>28,014</u>	<u>61,098</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(56,112)</u>	<u>(56,112)</u>	<u>14,209</u>	<u>70,321</u>
<i>Net Change in Fund Balance</i>	(56,112)	(56,112)	14,209	70,321
<i>Fund Balance Beginning of Year</i>	<u>56,112</u>	<u>56,112</u>	<u>56,112</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,321</u>	<u>\$ 70,321</u>

See accompanying notes to the basic financial statements

**Vernon Township, Scioto County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Vernon Cemetery*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Other	\$ 3,948	\$ 3,948	\$ 3,470	\$ (478)
<i>Total receipts</i>	<u>3,948</u>	<u>3,948</u>	<u>3,470</u>	<u>(478)</u>
<b>Disbursements</b>				
Current:				
Health	<u>9,639</u>	<u>9,639</u>	<u>1,807</u>	<u>7,832</u>
<i>Total Disbursements</i>	<u>9,639</u>	<u>9,639</u>	<u>1,807</u>	<u>7,832</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,691)</u>	<u>(5,691)</u>	<u>1,663</u>	<u>7,354</u>
<i>Net Change in Fund Balance</i>	(5,691)	(5,691)	1,663	7,354
<i>Fund Balance Beginning of Year</i>	5,684	5,684	5,684	-
Prior Year Encumbrances Appropriated	<u>7</u>	<u>7</u>	<u>7</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,354</u>	<u>\$ 7,354</u>

See accompanying notes to the basic financial statements

**Vernon Township, Scioto County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Fire Special Levy*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 86,300	\$ 86,300	\$ 94,369	\$ 8,069
Intergovernmental	3,700	3,700	11,098	7,398
Other	-	-	243	243
<i>Total receipts</i>	<u>90,000</u>	<u>90,000</u>	<u>105,710</u>	<u>15,710</u>
<b>Disbursements</b>				
Current:				
Public Safety	108,887	108,887	84,563	24,324
Public Works	2,400	2,400	-	2,400
Capital Outlay	23,000	23,000	7,675	15,325
Principal Retirement	28,000	28,000	18,331	9,669
Interest and Fiscal Charges	-	-	9,641	(9,641)
<i>Total Disbursements</i>	<u>162,287</u>	<u>162,287</u>	<u>120,210</u>	<u>42,077</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(72,287)</u>	<u>(72,287)</u>	<u>(14,500)</u>	<u>57,787</u>
<i>Net Change in Fund Balance</i>	(72,287)	(72,287)	(14,500)	57,787
<i>Fund Balance Beginning of Year</i>	<u>72,287</u>	<u>72,287</u>	<u>72,287</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,787</u>	<u>\$ 57,787</u>

See accompanying notes to the basic financial statements

**Vernon Township, Scioto County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Ambulance*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 50,100	\$ 58,119	\$ 58,343	\$ 224
Intergovernmental	3,900	6,448	6,448	-
<i>Total receipts</i>	<u>54,000</u>	<u>64,567</u>	<u>64,791</u>	<u>224</u>
<b>Disbursements</b>				
Current:				
Public Safety	54,509	65,838	65,082	756
<i>Total Disbursements</i>	<u>54,509</u>	<u>65,838</u>	<u>65,082</u>	<u>756</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(509)</u>	<u>(1,271)</u>	<u>(291)</u>	<u>980</u>
<i>Net Change in Fund Balance</i>	(509)	(1,271)	(291)	980
<i>Fund Balance Beginning of Year</i>	<u>509</u>	<u>509</u>	<u>509</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ (762)</u>	<u>\$ 218</u>	<u>\$ 980</u>

See accompanying notes to the basic financial statements

**Vernon 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>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 25,284	\$ 25,284	\$ 25,048	\$ (236)
Intergovernmental	16,046	16,046	18,145	2,099
Licenses, Permits and Fees	-	-	2,695	2,695
Interest	5,000	5,000	5,315	315
Other	-	-	98	98
<i>Total receipts</i>	<u>46,330</u>	<u>46,330</u>	<u>51,301</u>	<u>4,971</u>
<b>Disbursements</b>				
Current:				
General Government	66,117	66,117	48,836	17,281
Public Safety	7,500	7,500	5,469	2,031
Public Works	4,000	4,000	-	4,000
Health	5,200	5,200	-	5,200
Capital Outlay	6,446	6,446	2,943	3,503
<i>Total Disbursements</i>	<u>89,263</u>	<u>89,263</u>	<u>57,248</u>	<u>32,015</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(42,933)</u>	<u>(42,933)</u>	<u>(5,947)</u>	<u>36,986</u>
<i>Net Change in Fund Balance</i>	(42,933)	(42,933)	(5,947)	36,986
<i>Fund Balance Beginning of Year</i>	<u>48,949</u>	<u>48,949</u>	<u>48,949</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 6,016</u>	<u>\$ 6,016</u>	<u>\$ 43,002</u>	<u>\$ 36,986</u>

See accompanying notes to the basic financial statements

**Vernon Township, Scioto County**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual -Budget Basis  
 Motor Vehicle License Tax  
 For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 6,074	\$ 6,074	\$ 10,362	\$ 4,288
Intergovernmental	8,301	8,301	11,752	3,451
Interest	-	-	1,259	1,259
<i>Total receipts</i>	14,375	14,375	23,373	8,998
<b>Disbursements</b>				
Current:				
Public Works	51,060	51,060	31,686	19,374
Capital Outlay	7,000	7,000	-	7,000
<i>Total Disbursements</i>	58,060	58,060	31,686	26,374
<i>Excess of Receipts Over (Under) Disbursements</i>	(43,685)	(43,685)	(8,313)	35,372
<i>Net Change in Fund Balance</i>	(43,685)	(43,685)	(8,313)	35,372
<i>Fund Balance Beginning of Year</i>	43,685	43,685	43,685	-
<i>Fund Balance End of Year</i>	\$ -	\$ -	\$ 35,372	\$ 35,372

See accompanying notes to the basic financial statements

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Intergovernmental	\$ 44,706	\$ 44,706	\$ 67,226	\$ 22,520
Earnings on Investments	3,000	3,000	851	(2,149)
Other	-	-	224	224
<i>Total receipts</i>	<u>44,706</u>	<u>47,706</u>	<u>68,301</u>	<u>20,595</u>
<b>Disbursements</b>				
Current:				
Public Works	85,017	84,927	62,609	22,318
Capital Outlay	5,000	3,000	-	3,000
<i>Total Disbursements</i>	<u>90,017</u>	<u>87,927</u>	<u>62,609</u>	<u>25,318</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(45,311)</u>	<u>(40,221)</u>	<u>5,692</u>	<u>45,913</u>
<i>Net Change in Fund Balance</i>	(45,311)	(40,221)	5,692	45,913
<i>Fund Balance Beginning of Year</i>	34,086	34,086	34,086	-
Prior Year Encumbrances Appropriated	<u>118</u>	<u>118</u>	<u>118</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$(11,107)</u></u>	<u><u>\$ (6,017)</u></u>	<u><u>\$ 39,896</u></u>	<u><u>\$ 45,913</u></u>

See accompanying notes to the basic financial statements

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 24,732	\$ 24,732	\$ 31,444	\$ 6,712
Intergovernmental	3,000	3,000	4,581	1,581
<i>Total receipts</i>	<u>27,732</u>	<u>27,732</u>	<u>36,025</u>	<u>8,293</u>
<b>Disbursements</b>				
Current:				
Public Works	76,230	76,230	28,411	47,819
<i>Total Disbursements</i>	<u>76,230</u>	<u>76,230</u>	<u>28,411</u>	<u>47,819</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(48,498)</u>	<u>(48,498)</u>	<u>7,614</u>	<u>56,112</u>
<i>Net Change in Fund Balance</i>	(48,498)	(48,498)	7,614	56,112
<i>Fund Balance Beginning of Year</i>	<u>48,498</u>	<u>48,498</u>	<u>48,498</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,112</u>	<u>\$ 56,112</u>

See accompanying notes to the basic financial statements

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Other	\$ 3,835	\$ 3,835	\$ 1,575	\$ (2,260)
<i>Total receipts</i>	<u>3,835</u>	<u>3,835</u>	<u>1,575</u>	<u>(2,260)</u>
<b>Disbursements</b>				
Current:				
Health	10,018	10,018	2,074	7,944
<i>Total Disbursements</i>	<u>10,018</u>	<u>10,018</u>	<u>2,074</u>	<u>7,944</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,183)</u>	<u>(6,183)</u>	<u>(499)</u>	<u>5,684</u>
<i>Net Change in Fund Balance</i>	(6,183)	(6,183)	(499)	5,684
<i>Fund Balance Beginning of Year</i>	<u>6,183</u>	<u>6,183</u>	<u>6,183</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,684</u>	<u>\$ 5,684</u>

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 28,949	\$ 69,991	\$ 89,039	\$ 19,048
Intergovernmental	39,561	95,647	98,647	3,000
Other	10,481	25,339	206	(25,133)
<i>Total receipts</i>	78,991	190,977	187,892	(3,085)
<b>Disbursements</b>				
Current:				
Public Safety	67,742	65,742	56,838	8,904
Public Works	1,000	-	-	-
Capital Outlay	52,000	246,986	189,978	57,008
Debt Service:				
Principal Retirement			10,927	(10,927)
Interest and Fiscal Charges			5,952	(5,952)
<i>Total Disbursements</i>	120,742	312,728	263,695	49,033
<i>Excess of Receipts Over (Under) Disbursements</i>	(41,751)	(121,751)	(75,803)	45,948
<b>Other Financing Sources (Uses)</b>				
Proceeds from Debt	-	80,000	80,000	-
Insurance Proceeds	-	-	25,339	25,339
Sale of Assets	-	-	1,000	1,000
<i>Total Other Financing Sources (Uses)</i>	-	80,000	106,339	26,339
<i>Net Change in Fund Balance</i>	(41,751)	(41,751)	30,536	72,287
<i>Fund Balance Beginning of Year</i>	41,751	41,751	41,751	-
<i>Fund Balance End of Year</i>	\$ 0	\$ 0	\$ 72,287	\$ 72,287

See accompanying notes to the basic financial statements

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 43,470	\$ 53,609	\$ 53,913	\$ 304
Intergovernmental	5,566	6,864	7,079	215
<i>Total receipts</i>	<u>49,036</u>	<u>60,473</u>	<u>60,992</u>	<u>519</u>
<b>Disbursements</b>				
Current:				
Public Safety	49,340	60,920	60,787	133
<i>Total Disbursements</i>	<u>49,340</u>	<u>60,920</u>	<u>60,787</u>	<u>133</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(304)</u>	<u>(447)</u>	<u>205</u>	<u>652</u>
<i>Net Change in Fund Balance</i>	(304)	(447)	205	652
<i>Fund Balance Beginning of Year</i>	<u>304</u>	<u>304</u>	<u>304</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ (143)</u>	<u>\$ 509</u>	<u>\$ 652</u>

See accompanying notes to the basic financial statements

Vernon Township  
Scioto County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

---

**Note 1 – Reporting Entity**

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

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Vernon Township Rescue and Emergency Co., Inc., to provide ambulance services.

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township had no component units.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on the cash basis of accounting. This 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 cash basis of accounting. 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.

Vernon Township  
Scioto County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

---

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

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 cash basis or draws from the Township's general receipts.

Fund Financial Statements

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

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. All funds of the Township are governmental funds. The Township has no proprietary or fiduciary funds.

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 Fund, Gasoline Tax Fund, Road and Bridge Fund, Vernon Cemetery Fund, Fire Special Levy Fund, and Ambulance Fund.

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

The Motor Vehicle License Tax Fund receives motor vehicle license tax money for constructing, maintaining, and repairing Township roads.

Vernon Township  
Scioto County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

---

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

**B. Fund Accounting** (continued)

The Gasoline Tax Fund receives local government funding to provide for the construction, maintenance, and repairing of Township roads and bridges.

The Road and Bridge Fund receives local government funding to provide for the construction, maintenance and repairing of Township roads and bridges.

The Vernon Cemetery Fund receives fees for opening and closing graves and the sale of cemetery lots.

The Fire Special Levy Fund receives property tax money to purchase fire equipment and provide fire protection to residents of the Township.

The Ambulance Fund receives property tax money to provide ambulatory service to residents of the Township.

**C. Basis of Accounting**

The Township's financial statements are prepared using the 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.

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

**D. Budgetary Process**

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

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

Vernon Township  
Scioto County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

---

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

**D. Budgetary Process** (continued)

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**E. Cash**

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.”

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 \$5,447 and \$2,074 was assigned to other Township funds. Interest receipts credited to the General Fund during 2004 was \$5,315 and \$2,110 was assigned to other Township funds.

**F. Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Capital Assets**

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

**H. Accumulated Leave**

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

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

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

**J. Long-Term Obligations**

The Township’s cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

Vernon Township  
Scioto County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

---

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

**K. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for grants.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**L. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**M. Interfund Transactions**

Interfund transfers are reported as other financing sources/uses in governmental funds. Repayment 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.

**N. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The Township had no extraordinary or special items for 2005 or 2004.

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

The Township has elected to present its financials statement in a format consistent with Governmental Accounting Standards Board (GASB) Statements No. 34, 37 and 38, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*" These statements create and amend new basic financial statements and note disclosure for reporting on the Township's financial activities. The financial statements now include government-wide financial statements and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. GASB Statement No. 34 require GAAP reporting, however the Township presented "look alike" statements on the cash basis of accounting.

The Township also implemented Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosures". GASB Statement No. 40 establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits. This statement applies to all state and local governments. The implementation of GASB Statement No. 40 had no effect on the Township's financial statements.

Vernon Township  
Scioto County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

---

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General, Road and Bridge, Police, Fire, Emergency Medical Service Funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements rather than as a reservation of fund balance. The encumbrances outstanding at December 31, 2004 amounted to \$69 in the General Fund, \$557 in the Gasoline Fund, and \$7 in the Cemetery Fund. There were no encumbrances outstanding at December 31, 2005.

**Note 5 – Deposits and Investments**

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

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

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

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

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

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

Vernon Township  
Scioto County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

---

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

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

**Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At 2005 year end, \$195,991 of the Township's bank balance of \$295,991 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. At 2004 year end, \$166,422 of the Township's bank balance of \$266,422 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Vernon Township  
 Scioto County, Ohio  
 Notes to the Financial Statements  
 For the Years Ended December 31, 2005 and 2004

---

**Note 6 – Property Taxes**

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

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

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2004 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 \$15.32 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 and 2005 property tax receipts were based are as follows:

	<b>2004</b>	<b>2005</b>
Real Property		
Residential/Agriculture	\$12,829,890	\$15,479,670
Commercial/Industrial/Mineral	131,970	147,620
Public Utility Property		
Real	25,710	31,220
Personal	158,690	66,900
Tangible Personal Property	3,857,040	4,402,250
Total Assessed Value	\$17,003,300	\$20,127,660

Vernon Township  
Scioto County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

---

**Note 7 – 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 and 2004 the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTAMRA provides property and casualty coverage for its members. OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

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.

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.

**Note 8 – Defined Benefit Pension Plan**

**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 years ended December 31, 2005 and 2004, 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 and 2004 was 13.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 16.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

Vernon Township  
Scioto County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

---

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

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 \$9,893, \$9,670, and \$7,960 respectively. The full amount has been contributed for 2005, 2004 and 2003.

**Note 9 - Postemployment Benefits**

**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 and 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 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 and 2004 which were used to fund postemployment benefits were \$2,920 and \$2,855, respectively. 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. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

Vernon Township  
Scioto County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

---

**Note 10 - Debt**

A summary of the note transactions for the year ended December 31, 2005, follows:

	Interest Rate	Balance December 31, 2003	Additions	Reductions	Balance December 31, 2005
General Lease Purchase Agreement	4.95%	\$120,238	\$0	\$22,396	\$97,842
General Lease Purchase Agreement	4.51%	0	80,000	6,862	73,138
		<u>\$120,238</u>	<u>\$80,000</u>	<u>\$29,258</u>	<u>\$170,980</u>

On February 28, 2002, the Township entered into a lease purchase agreement in the amount of \$139,900 to finance the purchase of a fire truck to be used for fire protection.

On July 26, 2004, the Township entered into a lease purchase agreement in the amount of \$80,000 to finance the purchase of a fire truck.

All debt proceeds had been spent at December 31, 2005. The leases are collateralized solely by the fire trucks that were purchased.

The following is a summary of the Township's future annual debt service requirements:

Year	Lease Agreement	
	Principal	Interest
2006	\$19,829	\$8,142
2007	20,777	7,195
2008	21,769	6,202
2009	22,810	5,163
2010	23,900	4,071
2011-2013	61,895	5,142
Totals	<u>\$170,980</u>	<u>\$35,915</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2005, were an overall debt margin of \$1,640,509 and an unvoted debt margin of \$20,127.

**Note 11 – Compliance**

Contrary to Ohio Law, the Township had appropriations in excess of total estimated resources in the gasoline fund in 2004. Also, contrary to Ohio Law, the Township did not amend its certificate as required in 2004.

# BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

---

Telephone (740) 289-4131

Fax (740) 289-3639

www.bhscpas.com

Member American Institute of Certified Public Accountants

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  
Vernon Township  
Scioto County, Ohio  
P.O. Box 82  
Wheelersburg, OH 45694

We have audited the accompanying financial statements of the governmental activities and each major fund of Vernon Township, Scioto County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 30, 2006 wherein we noted the Township prepared its financial statements on a basis of accounting other than accounting principles generally accepted in the United States of America and revised its financial presentation to be comparable to the requirement of Governmental Accounting Standard Board Statements No. 34, 37, and 38 and implemented GASB Statement No. 40. 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 reportable 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.

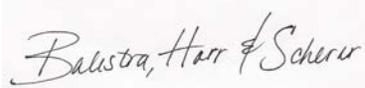
### **Compliance and Other Matters**

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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as item 2005-001 and 2005-002.

We also noted certain matters that we reported to management of the Township in a separate letter dated June 30, 2006.

Vernon Township  
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*  
Page 2

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



Balestra, Harr & Scherer, CPAs, Inc.  
June 30, 2006

**VERNON TOWNSHIP  
SCIOTO COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACORDANCE WITH GAGAS</b>
---

**FINDING NUMBER 2005-001**

**Noncompliance Citation**

Ohio Revised Code Section 5705.36 (A) (4) requires a reduced amended certificate if the amount of the deficiency of actual receipts under the estimated receipts will reduce available resources below the current level of appropriation.

In 2004, appropriations exceeded available resources in the Cemetery Fund by (\$2,260).

The Township Clerk should monitor estimated resources versus actual receipts and appropriations for the year to ensure that funds are not appropriated in excess of resources available. The Clerk should obtain an amended certificate of estimated resources as necessary.

**Client Response:**

The Township Clerk will monitor estimated versus actual receipts more closely and obtain an amended certificate when needed.

**FINDING NUMBER 2005-002**

**Noncompliance Citation**

Ohio Revised Code Section 5705.39 states in part that total appropriations from each fund shall not exceed the total estimated resources.

Appropriations exceeded total available expenditure in 2004 in the Gasoline Tax by \$11,107 in the original budget and \$6,017 in the final budget. The Township Clerk should monitor appropriations versus estimated resources throughout the year to ensure appropriations do not exceed estimated resources.

**Client Response:**

The Township Clerk will monitor appropriations versus total estimated resources more closely and not appropriate more that total estimated resources.

**VERNON TOWNSHIP  
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; significantly Different Corrected; Action Taken; or Finding No Longer Valid;
2003-001	Ohio Rev. Code Section 505.24 - Trustees annual salaries	Yes	Fully Corrected
2003-002	Finding for recovery	Yes	Fully Corrected



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**VERNON 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 19, 2006**