



**Auditor of State  
Betty Montgomery**



**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Moorefield Township  
Clark County  
1616 Moorefield Road  
Springfield, Ohio 45503

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 Moorefield Township, Clark County, (the Township), as of and for the year ended December 31, 2005. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our 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 described in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash position of the governmental activities, each major fund, and the aggregate remaining fund information of Moorefield Township, Clark County, as of December 31, 2005, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Road and Bridge, Fire District and Health funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis – State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 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

August 31, 2006

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

This discussion and analysis of the financial performance of Moorefield Township in Clark County, 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 Moorefield Township's financial performance.

**Highlights**

Key highlights for 2005 are as follows:

- Net assets of governmental activities increased \$214,538 or 15 percent (15%), a significant change from the prior year 2004. However, the fund most affected by the increase in cash and cash equivalents was the General and Fire District Funds.
- The Township's general receipts are primarily from property tax. Property tax receipts represent \$1,358,642 and 65 percent (65%) of the total cash received for governmental activities during the year. Property tax receipts for 2005 changed drastically compared to 2004 due to the expiration of a 5 year fire department levy which was not renewed and the additional tax levy for the Road and Bridge Department.
- On March 2, 2004 the voters passed a 1.0 mill levy for the purpose of Road and Bridge Construction and Maintenance. This is a 5 year new additional levy beginning collection in 2005. The total tax valuation of the subdivision used in calculating the estimated property tax revenue is two hundred sixty-nine million, seven hundred sixty-four thousand, four hundred forty-eight dollars (\$269,764,448).
- A 1.0 mill five year operating levy benefiting the Moorefield Township Fire Department expired in 2004. The levy was not placed on the ballot for renewal; therefore revenue generated by the levy was no longer available beginning calendar year 2005.
- Sale of fixed assets to another governmental entity resulted in a revenue increase of \$18,000.
- Due to federal and state disaster declarations for December, 2004, federal funds from FEMA were collected in the amount of \$13,598 in 2005. Along with this amount there was a state share of \$2,179 provided to the Township.
- The Township realized a substantial increase of over \$33,000 in interest revenue from a Public Funds MMADDA. The reason for this increase was because of good investing practices.

**Using the Basic Financial Statements**

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

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

**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. Moorefield 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; only funds considered major will be discussed. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**Reporting the Government 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 Moorefield 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 reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, some government entities have two types of activities. These activities are either government or business-type. Moorefield Township has only governmental activities and has no business-type activities. These governmental activities will be addressed in this report.



**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

The Township's basic services are reported as governmental activities which include police, fire, streets, parks, state and federal grants, and property taxes. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Township's Most Significant Funds**

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

Governmental Funds - 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. Township 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 non major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, the Road and Bridge Fund, the Fire District (Fire and EMS Fund) and the Health Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The Government as a Whole**

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

**(Table 1)  
Net Assets**

	<b>Governmental Activities</b>	
	<b>2005</b>	<b>2004</b>
<b>Assets</b>		
Cash and Cash Equivalents	\$1,648,349	\$1,433,811
<b>Total Assets</b>	<b>1,648,349</b>	<b>1,433,811</b>
 <b>Net Assets</b>		
Restricted for:		
Permanent Fund	1,261	1,244
Other Purposes	1,173,485	1,046,252
Unrestricted	473,603	386,315
<b>Total Net Assets</b>	<b>\$1,648,349</b>	<b>\$1,433,811</b>

The explanation of the \$214,538 difference between 2004 and 2005 is that the Township received money for an additional tax levy for Road and Bridge. There was a loss in a Fire District Fund (Fire and EMS) levy. However, with more of an increase of the Road and Bridge levy and carryover, there is a significant difference.

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

The reasons for increases in expenditures for 2005 are as follows:

- Increases in salaries 3% based on resolutions made by the Board of Trustees.
- The Township had several roads that were in very poor condition that needed extensive repairs costing in excess of \$250,000. This was an increase of over \$150,000 from 2004 road repair expenses.
- Health Insurance premium increased \$10,617, resulting in a 15.5% increase from 2004.
- Excessive need of repairs for vehicles.
- The purchase of needed new trucks for the Road and Bridge Department.

Table 2 reflects the changes in net assets in 2005. Since the Government did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**Changes in Net Assets**

	<b>Governmental Activities 2005</b>
<b>Receipts:</b>	
Program Receipts:	
Charges for Services and Sales	\$190,415
Operating Grants and Contributions	163,383
<b>Total Program Receipts</b>	<b><u>353,798</u></b>
<b>General Receipts:</b>	
Property and Other Local Taxes	1,454,574
Grants and Entitlements	139,215
Sale of Fixed Assets	18,000
Interest	47,576
Miscellaneous	79,677
<b>Total General Receipts</b>	<b><u>1,739,042</u></b>
<b>Total Program &amp; General Receipts</b>	<b><u>2,092,840</u></b>
<b>Disbursements:</b>	
General Government	408,581
Public Safety	567,996
Public Works	790,432
Health	3,989
Conservation-Recreation	25,878
Capital Outlay	81,426
<b>Total Disbursements</b>	<b><u>1,878,302</u></b>
<b>Increase in Net Assets</b>	<b><u>214,538</u></b>
Net Assets, January 1, 2005	1,433,811
<b>Net Assets, December 31, 2005</b>	<b><u><u>\$1,648,349</u></u></b>

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

Program receipts represent only 16.9 percent (16.9%) of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money, and other fees.

General receipts represent 83.1 percent (83.1%) of the Township's total receipts, and of this amount, over 83.6 percent (83.6%) are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts 8 percent (8%). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running Moorefield Township and the support services provided for the other Township activities. These include administrative costs, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to 25 percent (25%) of General Fund unrestricted receipts.

Public Safety is the costs of police and fire protection; Conservation-Recreation is the costs of maintaining the parks and playing fields; Public Works are the care and maintenance of roads and other associated cost to maintain roads and services; and Capital Outlay is the purchase of vehicles.

**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 general government, public safety and public works, which account for 21.8 percent (21.8%), 30.2 percent (30.2%) and 42.1 percent (42.1%) of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net 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**

	<b>Total Cost Of Services 2005</b>	<b>Net Cost Of Services 2005</b>
General Government	\$408,581	\$388,397
Public Safety	567,996	397,765
Public Works	790,432	627,049
Health	3,989	3,989
Conservation-Recreation	25,878	25,878
Capital Outlay	81,426	81,426
<b>Total Expenses</b>	<b>\$1,878,302</b>	<b>\$1,524,504</b>

The dependence upon general receipts is apparent as over 87 percent (87%) of governmental activities are supported through these general receipts.

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

**The Government's Funds**

Total governmental funds had receipts of \$2,072,794 and disbursements of \$1,878,303. The greatest change within governmental funds occurred within the Road and Bridge Department. For 2005 the fund balance of the Road and Bridge decreased \$40,884 from the 2004 carry over. This was the result of increased costs for salaries, benefits, repairs and purchased equipment. The General Fund balance increased \$87,288 from 2004 carry over; while the Fire District Fund balance increased \$148,295 from 2004 carry over.

The Road and Bridge receipts were less than disbursements by \$40,884, indicating that the Road and Bridge Department expended funds which were carried forward from 2004.

**General 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.

During 2005, Moorefield Township amended its General budget to reflect changing circumstances. Final budgeted receipts exceeded the original budgeted receipts due to carry over of 2004 funds, tax increases and sale of fixed assets.

Final disbursements for 2005 were budgeted at \$637,975. Actual disbursements were \$291,825. Receipts exceeded expectations as previously noted allowing the Township to carry forward \$460,150 for 2006. The Township kept spending very close to budgeted amounts as demonstrated by the minor reported variances.

**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. Moorefield Township relies heavily on local taxes and has some industry to support the tax base. The Moorefield Township budget for the coming year predicts revenues and spending levels to be similar to 2005.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of Moorefield 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 Janet L Dyer, Fiscal Officer, Moorefield Township, 1616 Moorefield Road, Springfield, Ohio 45503.

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

	<u><b>Governmental Activities</b></u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,648,349
Total Assets	<u>1,648,349</u>
<b>Net Assets</b>	
Restricted for:	
Permanent fund	1,261
Other Purposes	1,173,485
Unrestricted	473,603
Total Net Assets	<u>\$1,648,349</u>

*See accompanying notes to the basic financial statements.*

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

	<u>Program Cash Receipts</u>		<b>Net (Disbursements)</b>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
<b>Governmental Activities</b>			<b>Governmental Activities</b>
General Government	\$408,581	\$20,184	(\$388,397)
Public Safety	567,996	170,231	(397,765)
Public Works	790,432		(627,049)
Health	3,989		(3,989)
Conservation-Recreation	25,878		(25,878)
Capital Outlay	81,426		(81,426)
<b>Total Governmental Activities</b>	<u><u>\$1,878,302</u></u>	<u><u>\$190,415</u></u>	<u><u>\$163,383</u></u> (1,524,504)
<b>General Receipts</b>			
Property Taxes			1,358,642
Other Taxes			95,932
Grants and Entitlements not Restricted to Specific Programs			139,215
Sale of Fixed Assets			18,000
Earnings on Investments			47,576
Miscellaneous			<u>79,677</u>
Total General Receipts			1,739,042
Change in Net Assets			214,538
Net Assets Beginning of Year			<u>1,433,811</u>
Net Assets End of Year			<u><u>\$1,648,349</u></u>

*See accompanying notes to the basic financial statements.*

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Health Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$473,603	\$89,667	\$889,692		\$195,387	\$1,648,349
Total Assets	<u>473,603</u>	<u>89,667</u>	<u>889,692</u>		<u>195,387</u>	<u>1,648,349</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances			163,921			163,921
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	473,603					473,603
Special Revenue Funds		89,667	725,771		194,126	1,009,564
Permanent Fund					1,261	1,261
Total Fund Balances	<u>\$473,603</u>	<u>\$89,667</u>	<u>\$889,692</u>	<u>\$0</u>	<u>\$195,387</u>	<u>\$1,648,349</u>

See accompanying notes to the basic financial statements.

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Health Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Receipts</b>						
Property and Other Local Taxes	\$82,169	\$591,410	\$452,797	\$232,267		\$1,358,643
Charges for Services					\$170,231	170,231
Licenses, Permits and Fees	11,962				1,622	13,584
Fines and Forfeitures	5,685					5,685
Intergovernmental	143,495	33,763	30,323		176,981	384,562
Special Assessments	13,933					13,933
Earnings on Investments	46,376	84	75		1,041	47,576
Miscellaneous	75,395	2,146	1,039			78,580
<b>Total Receipts</b>	<u>379,015</u>	<u>627,403</u>	<u>484,234</u>	<u>232,267</u>	<u>349,875</u>	<u>2,072,794</u>
<b>Disbursements</b>						
Current:						
General Government	176,314			232,267		408,581
Public Safety	78,521		322,733		166,742	567,996
Public Works	7,724	633,230			149,479	790,433
Health	3,388				601	3,989
Human Services						
Conservation-Recreation	25,878					25,878
Other						
Capital Outlay		54,120	13,708		13,598	81,426
<b>Total Disbursements</b>	<u>291,825</u>	<u>687,350</u>	<u>336,441</u>	<u>232,267</u>	<u>330,420</u>	<u>1,878,303</u>
Excess of Receipts Over (Under) Disbursements	<u>87,190</u>	<u>(59,947)</u>	<u>147,793</u>		<u>19,455</u>	<u>194,491</u>
Other Financing Sources (Uses)						
Return of Prior Year (Receipts)/Expenditures	98	1,063	502	(9)	393	2,047
Sale of Fixed Assets		18,000				18,000
<b>Total Other Financing Sources (Uses)</b>	<u>98</u>	<u>19,063</u>	<u>502</u>	<u>(9)</u>	<u>393</u>	<u>20,047</u>
Net Change in Fund Balances	87,288	(40,884)	148,295	(9)	19,848	214,538
Fund Balances Beginning of Year	<u>386,315</u>	<u>130,551</u>	<u>741,397</u>	<u>9</u>	<u>175,539</u>	<u>1,433,811</u>
Fund Balances End of Year	<u>\$473,603</u>	<u>\$89,667</u>	<u>\$889,692</u>		<u>\$195,387</u>	<u>\$1,648,349</u>

See accompanying notes to the basic financial statements.



**MOOREFIELD TOWNSHIP  
CLARK 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>		<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	\$87,431	\$87,431	\$82,169	(\$5,262)
Licenses, Permits and Fees	5,000	5,000	11,962	6,962
Fines and Forfeitures	4,000	4,000	5,685	1,685
Intergovernmental	146,580	155,982	143,495	(12,487)
Special Assessments			13,933	13,933
Earnings on Investments	3,000	5,000	46,376	41,376
Miscellaneous	5,000	7,700	75,395	67,695
Total receipts	<u>251,011</u>	<u>265,113</u>	<u>379,015</u>	<u>113,902</u>
<b>Disbursements</b>				
Current:				
General Government	415,975	415,975	176,314	239,661
Public Safety	97,000	97,000	78,521	18,479
Public Works	13,000	13,000	7,724	5,276
Health	6,000	6,000	3,388	2,612
Conservation-Recreation	26,000	26,000	25,878	122
Capital Outlay	80,000	80,000		80,000
Total Disbursements	<u>637,975</u>	<u>637,975</u>	<u>291,825</u>	<u>346,150</u>
Excess of Receipts Over (Under) Disbursements	<u>(386,964)</u>	<u>(372,862)</u>	<u>87,190</u>	<u>460,052</u>
<b>Other Financing Sources (Uses)</b>				
Return of Prior Year Expenditures			98	98
Net Change in Fund Balance	(386,964)	(372,862)	87,288	460,052
Fund Balance Beginning of Year	386,315	386,315	386,315	
Prior Year Encumbrances Appropriated				
Fund Balance End of Year	<u>(\$649)</u>	<u>\$13,453</u>	<u>\$473,603</u>	<u>\$460,150</u>

*See accompanying notes to the basic financial statements.*

**MOOREFIELD TOWNSHIP  
CLARK 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**

	<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	\$609,050	\$644,050	\$591,410	(\$52,640)
Intergovernmental	20,000	35,000	33,763	(1,237)
Earnings on Investments			84	84
Miscellaneous	15,000	20,114	2,146	(17,968)
<i>Total receipts</i>	<u>644,050</u>	<u>699,164</u>	<u>627,403</u>	<u>(71,761)</u>
<b>Disbursements</b>				
Current:				
Public Works	724,601	735,800	633,230	102,570
Capital Outlay	50,000	58,915	54,120	4,795
Total Disbursements	<u>774,601</u>	<u>794,715</u>	<u>687,350</u>	<u>107,365</u>
Excess of Receipts Over (Under) Disbursements	<u>(130,551)</u>	<u>(95,551)</u>	<u>(59,947)</u>	<u>35,604</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Fixed Assets			18,000	18,000
Return of Prior Year Expenditure			1,063	1,063
Total Other Financing Sources (Uses)			<u>19,063</u>	<u>19,063</u>
Net Change in Fund Balance	(130,551)	(95,551)	(40,884)	54,667
Fund Balance Beginning of Year	130,551	130,551	130,551	
Prior Year Encumbrances Appropriated				
Fund Balance End of Year	<u>\$0</u>	<u>\$35,000</u>	<u>\$89,667</u>	<u>\$54,667</u>

*See accompanying notes to the basic financial statements.*

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$443,352	\$496,497	\$452,797	(\$43,700)
Intergovernmental	49,000	69,000	30,323	(38,677)
Earnings on Investments			75	75
Miscellaneous	336	336	1,039	703
Total receipts	<u>492,688</u>	<u>565,833</u>	<u>484,234</u>	<u>(81,599)</u>
<b>Disbursements</b>				
Current:				
Public Safety	855,212	860,547	486,654	373,893
Capital Outlay	378,873	373,873	13,708	360,165
Total Disbursements	<u>1,234,085</u>	<u>1,234,420</u>	<u>500,362</u>	<u>734,058</u>
Excess of Receipts Over (Under) Disbursements	<u>(741,397)</u>	<u>(668,587)</u>	<u>(16,128)</u>	<u>652,459</u>
<b>Other Financing Sources (Uses)</b>				
Return of Prior Year Expenditure			502	502
Net Change in Fund Balance	(741,397)	(668,587)	(15,626)	652,961
Fund Balance Beginning of Year	741,397	741,397	741,397	
Prior Year Encumbrances Appropriated				
Fund Balance End of Year	<u>\$0</u>	<u>\$72,810</u>	<u>\$725,771</u>	<u>\$652,961</u>

*See accompanying notes to the basic financial statements.*

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

	<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	\$252,166	\$250,231	\$232,267	(\$17,964)
Total receipts	<u>252,166</u>	<u>250,231</u>	<u>232,267</u>	<u>(17,964)</u>
<b>Disbursements</b>				
Current:				
General Government	252,166	252,166	232,267	19,899
Total Disbursements	<u>252,166</u>	<u>252,166</u>	<u>232,267</u>	<u>19,899</u>
Excess of Receipts Over (Under) Disbursements		<u>(1,935)</u>		<u>(1,935)</u>
<b>Other Financing Sources (Uses)</b>				
Return of Prior Year Receipt			<u>(9)</u>	<u>(9)</u>
Net Change in Fund Balance		(1,935)	(9)	(1,944)
Fund Balance Beginning of Year			9	9
Prior Year Encumbrances Appropriated				
Fund Balance End of Year	<u>\$0</u>	<u>(\$1,935)</u>	<u>\$0</u>	<u>(\$1,935)</u>

*See accompanying notes to the basic financial statements.*

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

**1. REPORTING ENTITY**

Moorefield Township is a township government established in Clark County, Ohio 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 Township contracts with the Moorefield Township Fire Association for fire protection services. Police protection is provided by a full time county deputy who is paid for by Township funds. Extra police protection is provided by the Clark County Sheriff Department at no extra cost to the Township.

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

**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 and the fund financial statements for the proprietary funds, 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. The Township does not have any business-type activities therefore does not apply FASB statements issued after November 30, 1989, to its business-type activities. 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.

**1. 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 non exchange transactions.

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The statement of net assets presents the cash balance of the governmental activities and investments of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, 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 activity is self-financing on a modified cash basis or draws from the Township's general receipts.

**2. Fund Financial Statements**

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

**B. Fund Accounting**

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

**1. Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non exchange transactions as governmental funds. The Township's major governmental funds are the General Fund, the Road and Bridge, Fire District Fund (Fire and EMS), and the Health 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 Road and Bridge and Fire District Funds are restricted to the purpose of the funds according to general laws of Ohio. The Health Fund is restricted by the levy.

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

**C. Basis of Accounting**

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

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**D. Budgetary Process**

All funds 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, department, and object level for all funds.

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

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 the prior. 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.

During 2005, the Township invested in nonnegotiable certificate of deposit and a money market fund. The nonnegotiable certificate of deposit is reported at cost. The Township's money market fund investment is recorded at the amount reported by Security National Bank 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 were \$46,376.

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent Cemetery Bequest Fund and the Funds that are restricted to that fund itself.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's modified cash basis of accounting. The Township had no accumulated leave payments for 2005.

**H. 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.

**I. 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 of \$163,921 in the Fire District Fund for 2006.

**3. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY**

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the modified cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with non major funds aggregated and presented in a single column, rather than a column for each fund type.

**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 all funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$163,921 for the Fire District.



**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

**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. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories.

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;
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).

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

**5. DEPOSITS AND INVESTMENTS (Continued)**

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. Payment for investments may be made only upon delivery of the securities representing the investments to the Township or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits: Custodial risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,626,181 of the Township's bank balance of \$1,726,181 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial credit 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 105% of the deposits being secured.

**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 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.

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

**6. 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 4.05 mills. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

<b>Real Property</b>	
Residential and Agriculture	\$194,893,310
Commercial/Industrial/Mineral	32,657,390
<b>Public Utility Property</b>	
Real	3,400
Personal	7,923,790
Tangible Personal Property	34,286,558
Total Assessed Value	<u><u>\$269,764,448</u></u>

**7. RISK MANAGEMENT**

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

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

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

**A. Casualty Coverage**

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

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

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

**7. RISK MANAGEMENT (Continued)**

**B. Property Coverage**

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

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

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

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

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

**C. Financial Position**

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

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	(12,344,576)	(11,086,379)
Retained earnings	<u>\$18,141,062</u>	<u>\$17,046,241</u>
<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	(1,406,031)	(543,176)
Retained earnings	<u>\$7,771,765</u>	<u>\$7,045,167</u>

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment. The Township's share of these unpaid claims is approximately \$60,044.

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

**8. DEFINED BENEFIT PENSION PLAN**

**A. Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

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

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5 percent (8.5%) of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 was 13.55 percent (13.55%) 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 and 2004 were \$44,832 and \$40,587 respectively. The full amount has been contributed for 2005 and 2004.

**9. POST EMPLOYMENT 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 Post employment 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 (13.55%) of covered payroll; 4.00 percent (4%) of covered payroll was the portion that was used to fund health care.

**MOOREFIELD TOWNSHIP  
CLARK COUNTY**

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

**9. POST EMPLOYMENT 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 (8%), an annual increase in active employee total payroll of 4.00 percent (4%) compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent (.5%) and 6.3 percent (6.3%) based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent (1% and 6%) annually for the next eight years and 4.00 percent (4%) 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 (25%) of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 which were used to fund post employment benefits were \$210,421. 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 \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.



## 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*

Moorefield Township  
Clark County  
1616 Moorefield Road  
Springfield, Ohio 45503

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 Moorefield Township, (the Township), as of and for the year ended December 31, 2005, and have issued our report thereon dated August 31, 2006, wherein we noted the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – State and Local Governments*. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated August 31, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

#### **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*. In a separate letter to the Township's management dated August 31, 2006, we reported other matters related to noncompliance we deemed immaterial.

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Moorefield Township  
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Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
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We intend this report solely for the information and use of the management and Board of Trustees. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

August 31, 2006





**Auditor of State  
Betty Montgomery**

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**MOOREFIELD TOWNSHIP**

**CLARK 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  
OCTOBER 10, 2006**