



**Auditor of State  
Betty Montgomery**



**VIENNA TOWNSHIP  
TRUMBULL COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2005.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2004.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

Vienna Township  
Trumbull County  
P.O. Box 593  
Vienna, Ohio 44473

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

**Betty Montgomery**  
Auditor of State

September 29, 2006

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Vienna Township  
Trumbull County  
P.O. Box 593  
Vienna, Ohio 44473

To the Board of Trustees:

We have audited the accompanying financial statements of Vienna Township, Trumbull County, (the Township) as of and for the years ended December 31, 2005 and 2004. 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 more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004.

While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2005 and 2004 or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Vienna Township, Trumbull County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 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.



**Betty Montgomery**  
Auditor of State

September 29, 2006



**VIENNA TOWNSHIP  
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$123,983	\$280,353	\$7,819		\$412,155
Intergovernmental	253,271	116,006			369,277
Special Assessments		748			748
Charges for Services	9,178	86,244			95,422
Licenses, Permits, and Fees	761	8,616			9,377
Fines, Forfeitures, and Penalties	4,286				4,286
Earnings on Investments	5,376	61		\$77	5,514
Other Revenue	44,456	8,763			53,219
<b>Total Cash Receipts</b>	<b>441,311</b>	<b>500,791</b>	<b>7,819</b>	<b>77</b>	<b>949,998</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	259,734	7,353			267,087
Public Safety	50,902	312,683			363,585
Public Works	24,172	191,833			216,005
Health	15,402	13,113			28,515
Debt Service:					
Redemption of Principal			13,264		13,264
Interest and Fiscal Charges			4,124		4,124
Capital Outlay	24,671	74,156			98,827
<b>Total Cash Disbursements</b>	<b>374,881</b>	<b>599,138</b>	<b>17,388</b>	<b>0</b>	<b>991,407</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>66,430</b>	<b>(98,347)</b>	<b>(9,569)</b>	<b>77</b>	<b>(41,409)</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Notes	20,547	70,850			91,397
Transfers-In		11,324	2,495		13,819
Advances-In		162,655	3,114		165,769
Transfers-Out	(13,819)				(13,819)
Advances-Out		(165,685)		(84)	(165,769)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>6,728</b>	<b>79,144</b>	<b>5,609</b>	<b>(84)</b>	<b>91,397</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	73,158	(19,203)	(3,960)	(7)	49,988
Fund Cash Balances, January 1	47,755	75,539	9,731	2,485	135,510
<b>Fund Cash Balances, December 31</b>	<b>\$120,913</b>	<b>\$56,336</b>	<b>\$5,771</b>	<b>\$2,478</b>	<b>\$185,498</b>

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

VIENNA TOWNSHIP  
TRUMBULL COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>		
<b>Cash Receipts:</b>					
Local Taxes	\$127,529	\$288,851			\$416,380
Intergovernmental	175,373	107,471			282,844
Special Assessments		841			841
Charges for Services	43,541	84,482			128,023
Licenses, Permits, and Fees	36,800	10,548			47,348
Fines, Forfeitures, and Penalties	1,933				1,933
Earnings on Investments	2,399	112		\$42	2,553
Other Revenue	2,903	17,798		1	20,702
<b>Total Cash Receipts</b>	<b>390,478</b>	<b>510,103</b>	<b>0</b>	<b>43</b>	<b>900,624</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	253,949	11,625			265,574
Public Safety	50,355	301,864			352,219
Public Works	4,455	205,660		50	210,165
Health	14,923	3,127			18,050
Debt Service:					
Redemption of Principal			\$7,159		7,159
Interest and Fiscal Charges			4,359		4,359
Capital Outlay		11,231			11,231
<b>Total Cash Disbursements</b>	<b>323,682</b>	<b>533,507</b>	<b>11,518</b>	<b>50</b>	<b>868,757</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>66,796</b>	<b>(23,404)</b>	<b>(11,518)</b>	<b>(7)</b>	<b>31,867</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Advances-In	10,026	234,559	6,243		250,828
Advances-Out	(36,524)	(199,686)	(10,494)	(4,124)	(250,828)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(26,498)</b>	<b>34,873</b>	<b>(4,251)</b>	<b>(4,124)</b>	<b>0</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>40,298</b>	<b>11,469</b>	<b>(15,769)</b>	<b>(4,131)</b>	<b>31,867</b>
<b>Fund Cash Balances, January 1</b>	<b>7,457</b>	<b>64,070</b>	<b>25,500</b>	<b>6,616</b>	<b>103,643</b>
<b>Fund Cash Balances, December 31</b>	<b>\$47,755</b>	<b>\$75,539</b>	<b>\$9,731</b>	<b>\$2,485</b>	<b>\$135,510</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$513</b>	<b>\$65</b>			<b>\$578</b>

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

**VIENNA TOWNSHIP  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Vienna Township, Trumbull County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection, police services, and emergency medical services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values certificates of deposit and repurchase agreements at cost. The investments in STAR Ohio are recorded at share values reported by the State Treasurer.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**VIENNA TOWNSHIP  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

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

Fire District Fund – This fund receives property tax money restricted to providing the Township with fire protection services.

Police District Fund – This fund receives property tax money restricted to providing police protection throughout the Township.

Emergency Medical Services Fund - This fund receives property tax money and charges for services for providing emergency medical services to residents and non-residents.

**3. Debt Service Fund**

The Debt Service Funds account for resources the Township accumulates to pay note debt. The Township had the following significant Debt Service Funds:

General Obligation Note Retirement Fund – Fire Truck - This fund receives property tax money to retire note debt incurred to purchase a fire truck.

General Obligation Note Retirement Fund – Dump Truck. This fund receives property tax money to retire note debt incurred to purchase a dump truck.

General Obligation Note Retirement Fund – Police Cruiser. This fund receives property tax money to retire note debt incurred to purchase a police cruiser.

**4. Fiduciary Funds (Trust Funds)**

These funds account for resources restricted to legally binding trust agreements. The Township had the following significant fiduciary fund:

Cemetery Bequest Fund – This fund uses its revenue for the care and maintenance of cemetery plots.

**E. Budgetary Process**

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

**1. Appropriations**

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

**VIENNA TOWNSHIP  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2005	2004
Demand deposits	\$ 606	\$ 5,101
Certificates of deposit	2,477	14,824
Total deposits	3,083	19,925
 STAR Ohio	 181,415	 2,096
Repurchase agreement	1,000	113,489
Total investments	182,415	115,585
Total deposits and investments	\$ 185,498	\$ 135,510

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**VIENNA TOWNSHIP  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 2005 and 2004 follows:

**2005 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 503,882	\$ 461,858	\$ (42,024)
Special Revenue	717,059	582,965	(134,094)
Debt Service	7,457	10,314	2,857
Fiduciary	45	77	32
Total	<u>\$ 1,228,443</u>	<u>\$ 1,055,214</u>	<u>\$ (173,229)</u>

**2005 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 874,229	\$ 388,700	\$ 485,529
Special Revenue	882,749	599,138	283,611
Debt Service	24,136	17,388	6,748
Fiduciary	2,474	0	2,474
Total	<u>\$ 1,783,588</u>	<u>\$ 1,005,226</u>	<u>\$ 778,362</u>

**2004 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 344,419	\$ 390,478	\$ 46,059
Special Revenue	800,887	510,103	(290,784)
Debt Service	15,691	0	(15,691)
Fiduciary	175	43	(132)
Total	<u>\$ 1,161,172</u>	<u>\$ 900,624</u>	<u>\$ (260,548)</u>

**2004 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 732,781	\$ 324,195	\$ 408,586
Special Revenue	904,112	533,572	370,540
Debt Service	38,691	11,518	27,173
Fiduciary	6,602	50	6,552
Total	<u>\$ 1,682,186</u>	<u>\$ 869,335</u>	<u>\$ 812,851</u>

**VIENNA TOWNSHIP  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**5. DEBT**

Debt outstanding at December 31, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes - Fire Truck	\$ 50,555	4.75%
General Obligation Notes - Police Cruiser	18,452	5.25%
General Obligation Notes - Dump Truck	66,914	5.50%
Total	<u>\$ 135,921</u>	

The general obligation notes were issued to finance the purchases of a fire truck, police cruiser, and dump truck. The notes are collateralized solely by the Township's taxing authority.

Amortization of the above debt, including interest, is scheduled as follows:

	<u>General Obligation Notes Fire Truck</u>	<u>General Obligation Notes Cruiser</u>	<u>General Obligation Notes Dump Truck</u>
Year ending December 31:			
2006	\$ 9,573.00	\$ 5,006.00	\$ 11,444.00
2007	9,531	4,810	11,011
2008	9,187	4,596	10,586
2009	8,851	4,381	10,145
2010	8,504	2,108	9,712
2011 -2014	23,466		30,587
Total	<u>\$ 69,112</u>	<u>\$ 20,901</u>	<u>\$ 83,485</u>

**VIENNA TOWNSHIP  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004 OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

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

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence, 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.

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 \$500,000,000 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.



**VIENNA TOWNSHIP  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

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.

Financial Position

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

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	<u>(12,344,576)</u>	<u>(11,086,379)</u>
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	<u>(1,406,031)</u>	<u>(543,176)</u>
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 \$44,058.

**This page intentionally left blank.**



**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***

Vienna Township  
Trumbull County  
P. O. Box 593.  
Vienna, Ohio 44473

To the Board of Trustees:

We have audited the financial statements of the Vienna Township (the Township) as of and for the years ended December 31 2005 and 2004, and have issued our report thereon dated September 29, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 September 29, 2006, we reported a matter involving internal control over financial reporting which we did not deem a reportable condition.

### **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 September 29, 2006, we reported another matter related to noncompliance we deemed immaterial.

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.



**Betty Montgomery**  
Auditor of State

September 29, 2006



**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

**VIENNA TOWNSHIP**

**TRUMBULL 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  
NOVEMBER 14, 2006**