



**Auditor of State
Betty Montgomery**

**XENIA TOWNSHIP
GREENE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets – Modified Cash Basis – December 31, 2005.....	11
Statement of Activities – Modified Cash Basis – For the Year Ended December 31, 2005.....	12
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2005.....	13
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances – Governmental Funds - For the Year Ended December 31, 2005.....	14
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund – For the Year Ended December 31, 2005.....	15
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Road & Bridge Fund – For the Year Ended December 31, 2005.....	16
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Fire District Fund – For the Year Ended December 31, 2005.....	17
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Fire, Rescue, Ambulance Fund – For the Year Ended December 31, 2005.....	18
Notes to the Financial Statements	19
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	31

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Xenia Township
Greene County
8 Brush Row Road
Xenia, Ohio 45385

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Government 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 Township, 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2005, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Road & Bridge, Fire District, and Fire Rescue Ambulance Funds thereof for the year then ended in conformity with the basis of accounting Note 1 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—for State and Local Governments*.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 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 1, 2006

**XENIA TOWNSHIP
GREENE COUNTY**

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

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

Highlights

Key highlights for 2005 are as follows:

- Net assets of the governmental activities at year end were \$1,013,505, which was an increase over 2004 of \$891,934 by \$121,571.
- The General Fund was affected by the increase in cash due to an unexpected increase in estate tax receipts. The Township's general receipts are primarily property taxes. Property tax receipts for 2005 increased very little compared to 2004.
- The Capital Improvement Fund for a replacement road department grounds/building was closed and returned to the General Fund, where it originated from. The project was at the final year of the five years it was established for and the Board was unable to acquire the property desired.
- The Capital Improvement Fund for a replacement dump truck was expended for its purpose and the balance returned to the General Fund, of which it originated.
- The Fire, Rescue, Ambulance EMS Billing Fund had the highest percentage change. The fund was established during the fall of 2004, therefore the fund received a large increase in total dollars received during 2005. This fund did not have expenditures until the fall of 2005, after a year's worth of accumulation. Such expenditures were for increased staffing in the fire department.
- The Fire Fund was determined to be insufficient to cover the increased demands placed upon the fire and EMS services of a community this size. Therefore, a new fire levy was placed on the November ballot. The levy was passed. The Board deemed it necessary to start using the above named EMS Billing funds to assist in covering the increased cost to provide services until the new funds from the new levy would be received in spring of 2006.
- The Lighting Assessment Fund for the cost of street lights in two areas of the Township was not assessed to the affected property owners as it should have been according to an annual resolution. Therefore, the usual funds of approximately \$16,000 were not received with the exception of past due amounts from late payments from prior years. Fortunately, the fund balance was large enough to cover the cost to the vendor and the affected tax payers had no charge that year.

Using the Basic Financial Statements

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

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

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

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental 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.

In the statement of net assets and the statement of activities, we show the Township's activities as Governmental activities. All of the Township's basic services are reported here, including zoning, road, fire, EMS, and two cemeteries. Property taxes, local government distributions, levies, gas and vehicle license taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**XENIA TOWNSHIP
GREENE COUNTY**

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

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.

Governmental Funds – All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for 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 has four major governmental funds: General Fund, Road and Bridge, Fire District, and Fire, Rescue, Ambulance EMS Billing. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Xenia Township does not have any Fiduciary, Proprietary, or Internal Service funds.

The Township as a Whole

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

**(Table 1)
Net Assets**

	Governmental Activities	
	2005	2004
Assets		
Cash and Cash Equivalents:	\$13,626	\$891,935
Investments	999,879	
Total Assets	1,013,505	891,935
Net Assets		
Restricted for:		
Other Purposes	575,873	676,934
Unrestricted	437,632	215,001
Total Net Assets	\$1,013,505	\$891,935

As mentioned previously, net assets of governmental activities increased during 2005. The primary reasons contributing to the increases in cash balances are as follows:

- Increase in unexpected estate tax receipts.
- Increase revenue from investments due to improvements in economy and initiation of a sweep overnight investment to the Township account.
- Return of General Fund monies for unexpended Capital Improvement Projects.

**XENIA TOWNSHIP
GREENE COUNTY**

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

- Increased revenue and initiated usage of the Fire, Rescue, Ambulance Billing Fund.
- Decrease in funds received in the special assessment Street Lighting Fund.
- Sale of fixed assets (equipment), no longer needed, totaling \$17,708. About half of such were fire & about half were road.
- The Township had several roads that were due to be resurfaced as part of the Annual Road Program participating with the County Engineer by the joint bid process. These expenses were paid using the various road funds.

Table 2 reflects the changes in net assets during 2005. Since the Township 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.

**(Table 2)
Changes in Net Assets**

	Governmental Activities 2005
Receipts:	
Program Receipts:	
Charges for Services and Sales	\$204,869
Operating Grants and Contributions	153,745
Total Program Receipts	358,614
General Receipts:	
Property and Other Local Taxes	627,481
Grants and Entitlements Not Restricted to Specific Programs	367,720
Sale of Fixed Assets	17,708
Interest	20,430
Miscellaneous	36,479
Total General Receipts	1,069,818
Total Receipts	1,428,432
 Disbursements:	
General Government	266,596
Public Safety	385,268
Public Works	535,636
Health/Cemetery	13,460
Capital Outlay	105,901
Total Disbursements	1,306,861
Increase (Decrease) in Net Assets	121,571
Net Assets, January 1, 2005	891,934
Net Assets, December 31, 2005	\$1,013,505

**XENIA TOWNSHIP
GREENE COUNTY**

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

Program receipts represent the smallest percent of the total receipts and are comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money, permissive motor vehicle license, police-fire fund, street lighting assessments, grants and fire district (such as charges to Caesarscreek Township for fire and EMS services provided under contract).

General receipts represent the largest percent of the Township's total receipts, and of this amount, most are from the local government distribution and property taxes. State and federal grants and entitlements make up the balance of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Board, Clerk/Fiscal Officer, and the auditor. Since these costs do not represent direct services to residents, we try to limit these costs to the General Fund unrestricted receipts.

The Fire District, Fire, Rescue & Ambulance EMS Billing, and Police-Fire Funds, and periodically grant funds are the costs of fire protection and medical services. Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, and Permissive Motor Vehicle License Tax Funds are the cost of maintaining the roads.

The Lighting Assessment Funds is for the cost of street lights in the Wilberforce and Oldtown community areas of the Township. The Township pays the cost directly to the vendor and assessments are entered onto the affected property owners tax duplicate based upon their property's frontage to the road. The assessments should be re-evaluated for lot splits and a resolution passed annually. However, during 2005 there were no lot splits. Therefore, it was unclear to the Clerk and staff that a confirmation of no change resolution to the County Auditor still needed submitted. As a result, a resolution for 2005 was not passed on to the County Auditor and she did not assess the property owners as usual. As a further result, there were no receipts of funds for such assessments with the exception of past due amounts from late payments from prior years. Fortunately, the fund balance was large enough to cover the cost to the vendor and the Board, Clerk and staff were pleased to not have to charge the affected tax payers that year.

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 road and fire and EMS. General government also represents a significant cost. 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 Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**XENIA TOWNSHIP
GREENE COUNTY**

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

**(Table 3)
Governmental Activities**

	Total Cost Of Services 2005	Net cost Of Services 2005
General Government	\$266,596	(260,862)
Public Safety	385,268	(205,430)
Public Works	535,636	(365,585)
Health/Cemetery	13,460	(13,460)
Other	0	2,991
Capital Outlay	105,901	(105,901)
Total Expenses	<u>\$1,306,861</u>	<u>(\$948,247)</u>

The dependence upon property tax receipts is apparent that governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$1,582,955 and disbursements of \$1,461,384.

The greatest change within governmental funds from 2004 to 2005 occurred within the General Fund. The fund balance of the General Fund increased \$222,631 including transfers in and out. This is as the result of unexpected estate tax revenue of \$127,351; additional interest for investments over 2004; and return of funds as a result of Capital Improvement Projects being completed and closed. This indicates that the General Fund is in a stable situation.

The Fire District Fund has shown a steady increase in expenditures over the past several years due to increased number of responses, the increased cost to transport, as well as the increased mandates to training and education placed upon the employees. The revenue of the Fire District has remained steadily the same as the levies in place are all permanent and based on valuations at the time each was approved. Therefore, the department has been operating on revenue from 20 years ago on today's inflated cost and needs. Further, the need has grown to maintain 24 hour on duty coverage vs. the prior volunteer and part-time day shift staffing. Also, the equipment replacement schedule shows the need to replace a 1967 engine. New fire engines cost an average of \$300,000. It was the recommendation of the fire administration that an additional levy be placed on the November 2005 ballot. The Board agreed and did so for a 3 mil levy to provide \$341,457 in revenue to provide services and replacement equipment. The new levy was approved and is for five years, 2005-2009.

General Fund Budgeting Highlights

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

During 2005, the Township amended its General Fund budget once to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to unexpected estate tax receipts. The difference between final budgeted receipts and actual receipts was significant as described above.

General Fund final disbursements were budgeted at \$645,145 while actual disbursements were \$338,637 including capital improvements. All expected receipts plus carryover are appropriated at the beginning of the year. The result is the increase in fund balance to \$437,632 for 2005.

**XENIA TOWNSHIP
GREENE COUNTY**

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

Capital Assets and Debt Administration

Capital Assets

For financial reporting purposes, Xenia Township did not track its capital assets and infrastructure.

Debt

Xenia Township did not have any outstanding debt during 2005.

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. We rely heavily on property taxes and have very little industry to support the tax base. Our financial forecast predicts a balanced 2006; therefore, the Board of Trustees and the administration have implemented five year plans to maintain balance and provide for future needs. We reviewed our sources of revenue and determined that increases were unlikely. There may still be a threat of loss of the Local Government Revenue. We have reviewed the disbursement history of the Township. We have a need to increase staffing levels in the fire department in order to meet the requirements of services. As a result, we will continue with Fire and EMS Billing and may replace an old fire levy with a new one based on current valuation. All departments have been asked to be cautious of their spending for fuel, utilities, and supplies by planning with bulk purchase benefits.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Sheila J. Seiter, Clerk-Fiscal Officer, Xenia Township, 8 Brush Row Road, Xenia, Ohio 45385.

This page intentionally left blank.

**XENIA TOWNSHIP
GREENE COUNTY**

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

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$13,626
Investments	<u>999,879</u>
Total Assets	<u><u>1,013,505</u></u>
Net Assets	
Restricted for:	
Other Purposes	575,873
Unrestricted	<u>437,632</u>
Total Net Assets	<u><u>\$1,013,505</u></u>

See accompanying notes to the basic financial statements.

**XENIA TOWNSHIP
GREENE COUNTY**

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

	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Total
Governmental Activities			
General Government	\$266,596	\$5,734	(\$260,862)
Public Safety	385,268	165,643	(205,430)
Public Works	535,636	30,501	(365,585)
Health	13,460		(13,460)
Other		2,991	2,991
Capital Outlay	105,901		(105,901)
Total Governmental Activities	\$1,306,861	\$204,869	(948,247)
 General Receipts			
Property Taxes			627,481
Grants and Entitlements not Restricted to Specific Programs			367,720
Sale of Fixed Assets			17,708
Earnings on Investments			20,430
Miscellaneous			36,479
Total General Receipts			1,069,818
Change in Net Assets			121,571
Net Assets Beginning of Year			891,934
Net Assets End of Year			\$1,013,505

See accompanying notes to the basic financial statements.

**XENIA TOWNSHIP
GREENE 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>Fire, Rescue, Ambulance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents & Investments	<u>\$437,632</u>	<u>\$185,832</u>	<u>\$143,298</u>	<u>\$100,972</u>	<u>\$145,771</u>	<u>\$1,013,505</u>
Total Assets	<u>437,632</u>	<u>185,832</u>	<u>143,298</u>	<u>100,972</u>	<u>145,771</u>	<u>1,013,505</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	17,073	14,583	26,722	4,000	27,783	90,161
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	420,559					420,559
Special Revenue Funds		<u>171,249</u>	<u>116,576</u>	<u>96,972</u>	<u>117,988</u>	<u>502,785</u>
Total Fund Balances	<u>\$437,632</u>	<u>\$185,832</u>	<u>\$143,298</u>	<u>\$100,972</u>	<u>\$145,771</u>	<u>\$1,013,505</u>

See accompanying notes to the basic financial statements.

**XENIA TOWNSHIP
GREENE 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>Fire, Rescue, Ambulance</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receipts						
Property and Other Local Taxes	\$64,125	\$280,042	\$283,315		\$30,500	\$657,982
Charges for Services			16,480	149,163		165,643
Licenses, Permits and Fees	5,734					5,734
Intergovernmental	304,167	43,428	40,013		133,857	521,465
Special Assessments					2,991	2,991
Earnings on Investments	20,386				44	20,430
Miscellaneous	25,260	7,870	3,349			36,479
Total Receipts	<u>419,672</u>	<u>331,340</u>	<u>343,157</u>	<u>149,163</u>	<u>167,392</u>	<u>1,410,724</u>
Disbursements						
Current:						
General Government	256,635				9,961	266,596
Public Safety			330,865	51,338	3,065	385,268
Public Works		345,867			189,769	535,636
Health	13,244				216	13,460
Capital Outlay	21,685	8,838	19,901		55,477	105,901
Total Disbursements	<u>291,564</u>	<u>354,705</u>	<u>350,766</u>	<u>51,338</u>	<u>258,488</u>	<u>1,306,861</u>
Receipts Over (Under) Disbursements	<u>128,108</u>	<u>(23,365)</u>	<u>(7,609)</u>	<u>97,825</u>	<u>(91,096)</u>	<u>103,863</u>
Other Financing Sources (Uses)						
Sale of Fixed Assets		8,762	8,946			17,708
Transfers In	124,523				30,000	154,523
Transfers Out	(30,000)				(124,523)	(154,523)
Total Other Financing Sources (Uses)	<u>94,523</u>	<u>8,762</u>	<u>8,946</u>		<u>(94,523)</u>	<u>17,708</u>
Net Change in Fund Balances	222,631	(14,603)	1,337	97,825	(185,619)	121,571
Fund Balances Beginning of Year	215,001	200,435	141,961	3,147	331,390	891,934
Fund Balances End of Year	<u>\$437,632</u>	<u>\$185,832</u>	<u>\$143,298</u>	<u>\$100,972</u>	<u>\$145,771</u>	<u>\$1,013,505</u>

See accompanying notes to the basic financial statements.

**XENIA TOWNSHIP
GREENE 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>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts				
Property and Other Local Taxes	\$61,000	\$62,796	\$64,125	\$1,329
Licenses, Permits and Fees	7,000	5,554	5,734	180
Intergovernmental	209,105	208,755	304,167	95,412
Earnings on Investments	6,000	6,000	20,386	14,386
Miscellaneous	23,155	23,155	25,260	2,105
Total Receipts	<u>306,260</u>	<u>306,260</u>	<u>419,672</u>	<u>113,412</u>
Disbursements				
Current:				
General Government	459,738	565,845	271,387	294,458
Health	14,300	14,300	13,244	1,056
Capital Outlay	35,000	35,000	24,006	10,994
Total Disbursements	<u>509,038</u>	<u>615,145</u>	<u>308,637</u>	<u>306,508</u>
Receipts Over (Under) Disbursements	<u>(202,778)</u>	<u>(308,885)</u>	<u>111,035</u>	<u>419,920</u>
Other Financing Sources (Uses)				
Transfers In			124,523	124,523
Transfers Out		(30,000)	(30,000)	
Total Other Financing Sources (Uses)		<u>(30,000)</u>	<u>94,523</u>	<u>124,523</u>
Net Change in Fund Balance	(202,778)	(338,885)	205,558	544,443
Fund Balance Beginning of Year	203,418	203,418	203,418	
Prior Year Encumbrances Appropriated	11,583	11,583	11,583	
Fund Balance End of Year	<u>\$12,223</u>	<u>(\$123,884)</u>	<u>\$420,559</u>	<u>\$544,443</u>

See accompanying notes to the basic financial statements.

**XENIA TOWNSHIP
GREENE COUNTY**

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

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$265,000	\$265,000	\$280,042	\$15,042
Intergovernmental	36,520	36,520	43,428	6,908
Miscellaneous			7,870	7,870
Total receipts	<u>301,520</u>	<u>301,520</u>	<u>331,340</u>	<u>29,820</u>
Disbursements				
Current:				
Public Works	483,283	484,584	360,450	124,134
Capital Outlay	5,000	14,000	8,838	5,162
Total Disbursements	<u>488,283</u>	<u>498,584</u>	<u>369,288</u>	<u>129,296</u>
Receipts Over (Under) Disbursements	<u>(186,763)</u>	<u>(197,064)</u>	<u>(37,948)</u>	<u>159,116</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets			8,762	8,762
Net Change in Fund Balance	(186,763)	(197,064)	(29,186)	167,878
Fund Balance Beginning of Year	190,134	190,134	190,134	
Prior Year Encumbrances Appropriated	<u>10,301</u>	<u>10,301</u>	<u>10,301</u>	
Fund Balance End of Year	<u><u>\$13,672</u></u>	<u><u>\$3,371</u></u>	<u><u>\$171,249</u></u>	<u><u>\$167,878</u></u>

See accompanying notes to the basic financial statements.

**XENIA TOWNSHIP
GREENE 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>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$264,000	\$279,520	\$283,315	\$3,795
Charges for Services	20,000	16,480	16,480	
Intergovernmental	39,000	39,000	40,013	1,013
Miscellaneous	3,000	3,000	3,349	349
	<u>326,000</u>	<u>338,000</u>	<u>343,157</u>	<u>5,157</u>
Disbursements				
Current:				
Public Safety	375,099	394,177	354,816	39,361
Capital Outlay	72,000	82,800	22,672	60,128
	<u>447,099</u>	<u>476,977</u>	<u>377,488</u>	<u>99,489</u>
Receipts Over (Under) Disbursements	<u>(121,099)</u>	<u>(138,977)</u>	<u>(34,331)</u>	<u>104,646</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets			8,946	8,946
Net Change in Fund Balance	(121,099)	(138,977)	(25,385)	113,592
Fund Balance Beginning of Year	124,083	124,083	124,083	
Prior Year Encumbrances Appropriated	17,878	17,878	17,878	
Fund Balance End of Year	<u>\$20,862</u>	<u>\$2,984</u>	<u>\$116,576</u>	<u>\$113,592</u>

See accompanying notes to the basic financial statements.

**XENIA TOWNSHIP
GREENE COUNTY**

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

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Charges for Services	\$155,000	\$177,000	\$149,163	(\$27,837)
Disbursements				
Current:				
Public Safety	3,200	61,200	55,338	5,862
Receipts Over (Under) Disbursements	151,800	115,800	93,825	(21,975)
Fund Balance Beginning of Year	3,147	3,147	3,147	
Fund Balance End of Year	<u>\$154,947</u>	<u>\$118,947</u>	<u>\$96,972</u>	<u>(\$21,975)</u>

See accompanying notes to the basic financial statements.

**XENIA TOWNSHIP
GREENE COUNTY**

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

1. REPORTING ENTITY

Xenia Township, Greene County, (the Township), is a body politic and corporate established in 1803 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Clerk/Fiscal Officer.

The reporting entity is comprised of the primary government, and has no component units or other organizations.

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, fire and EMS Services and cemetery maintenance. The Township also provides fire and EMS coverage by means of contracts with Caesarscreek Township, Greene County and Central State University within Xenia Township. Police protection is provided by the Greene County Sheriff's Office.

B. Component Units

Xenia Township has no Component Units.

C. Joint Ventures

Xenia Township has no Joint Ventures.

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. 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. The statements distinguish between those activities of the Township that are governmental. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

**XENIA TOWNSHIP
GREENE 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 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. Some Townships have three categories of funds: governmental, proprietary and fiduciary. Xenia Township only has governmental funds.

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 has four major governmental funds: General Fund, Road & Bridge, Fire District and Fire, Rescue, Ambulance EMS Billing. 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 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.

**XENIA TOWNSHIP
GREENE 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, function, and object level.

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

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

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

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

During 2005, the Township invested in nonnegotiable certificates of deposit and an overnight investment sweep account. The nonnegotiable certificates of deposits are reported at cost. The Township's sweep account investments are recorded at the amount reported by Key Bank. The interest receipts are recorded monthly.

Interest earnings are allocated to Township funds according to State statutes. Interest receipts credited to the General Fund during 2005 was \$20,386.

**XENIA TOWNSHIP
GREENE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets

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

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.

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 and for postretirement health care benefits.

I. Long-Term Obligations

Xenia Township has no Long-Term Obligations for 2005.

J. Net Assets

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

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

K. Interfund Transactions

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements. Returns of the unused portions of the transferred funds from General to Capital Projects are shown as transfer out of the Capital Funds and back into the General Fund. Such transfers are approved by resolution and Probate Court Judge Robert Hagler per legal requirements.

**XENIA TOWNSHIP
GREENE COUNTY**

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

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.

The Township does not have any report of inventory, prepaid items, interfund receivables (payables), capital assets, and long-term debt as part of the modified cash basis of accounting.

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis, by law, is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance—Budget and Actual—Budgetary Basis presented for the general fund and other major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$17,073 for the general fund (and \$73,088 for all other special revenue funds). There were no outstanding advances at year end.

5. DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**XENIA TOWNSHIP
GREENE COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

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).

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.

A. Deposits

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. As of December 31, 2005, the Township had a cash balance of \$13,626.

B. Investments

As of December 31, 2005, the Township had an Automatic Overnight Sweep Repurchase Account for \$999,879. Interest was posted monthly, on the last day of the month, applying amounts as provided by Key Bank on daily investment funds summaries and confirmation via their website.

The Automatic Overnight Sweep Account at Key Bank carries a rating of ER1 by Dun & Bradstreet. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

**XENIA TOWNSHIP
GREENE COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

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 during 2005 represent the collection of 2004 taxes. Real property taxes received during 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 during 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received during 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.

Tangible personal property tax receipts received during 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 \$9 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Agriculture & Residential	\$111,546,730
Commercial/Industrial/Mineral	5,625,860
Public Utility Property	
Personal	6,732,770
Tangible Personal Property	2,452,395
Total Assessed Value	<u>\$126,357,755</u>

**XENIA TOWNSHIP
GREENE COUNTY**

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

7. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005, the Township contracted with the Ohio Government Risk Management Plan (The Ohio Plan), a risk sharing pool available to Ohio Governments. The Ohio Plan provides property and casualty coverage for its members. Coverage provided by The Ohio Plan is as follows:

Legal Liability-real property	\$1,000,000.	Per Occurrence
Automobile Liability	\$5,000,000.	Per Occurrence
Wrongful Acts	\$5,000,000.	Per Occurrence
Property	\$1,640,319.	Total Coverage
Boiler and Machinery	\$1,640,319.	Limit

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

The Township has Anthem Health and Life Insurance, Delta Dental Plan and uses Swartzel Affiliate for liability coverage.

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

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 was 9.55 percent. There are no employees/members in law enforcement or public safety. The Ohio Revised Code provides statutory authority for member and employer contributions.

**XENIA TOWNSHIP
GREENE COUNTY**

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

8. DEFINED BENEFIT PENSION PLAN (Continued)

The Township's employer required contributions for pension obligations to the plan for the years ended December 31, 2005, 2004, and 2003 were \$34,115, \$32,279, and \$31,638 respectively. The full amount has been contributed for 2005, 2004 and 2003. Contributions to the plan for 2005 made by the plan members/employees were \$21,401.

B. Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township was required to contribute a total of 24 percent for firefighters. Contributions are authorized by State statute. The Township's contributions to the Fund for firefighters were \$13,136 for the year ended December 31, 2005; \$20,803 for the year ended December 31, 2004 and \$24,449 for the year ended December 31, 2003. The full amount has been contributed for 2005, 2004 and 2003.

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 of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

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

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

**XENIA TOWNSHIP
GREENE COUNTY**

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

9. POST-EMPLOYMENT BENEFITS (Continued)

The number of active contributing participants in the traditional and combined plans was 355,287. Actual employer contributions for 2005 which were used to fund post-employment benefits were \$23,881. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total firefighter contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the post employment health care program during 2005 and 2004. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2002, all retirees and survivors have monthly health care contributions.

The Township's actual contributions for 2005 that were used to fund post employment benefits was \$4,203 for firefighters. The OP&F's total health care expense for the year ended December 31, 2004 (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 10,528 for firefighters.

10. DEBT / LEASES

The Township had no debt or leases during 2005.

**XENIA TOWNSHIP
GREENE COUNTY**

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

11. INTERFUND TRANSFERS

During 2005 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds-Cap. Project	\$30,000
Transfers from the Other Governmental Funds to:	
General Fund	\$124,523

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Funds have been transferred from General Fund to Capital Project Fund 4909 over the last five years in hopes to purchase a replacement road garage building and/or grounds. \$30,000 was put into the fund for four of the five years for a total of \$120,000. The five years were up in 2005 and the Township was unable to purchase the property needed. Therefore, the funds were transferred back to the General Fund per resolution and court approval. Capital Project Fund 4902 for a replacement dump truck was completed in 2005 and the balance of the unused funds of \$4,523 was return to the General Fund per resolution and court approval.

12. CONTINGENT LIABILITIES

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Township's financial condition. There are pending zoning cases for rezones and property cleanup for nuisances. There is also a case for road maintenance whereas the plaintiff had an accident due to ice on the roadway from runoff.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial. The Township has received two grants, one for FEMA snow emergency assistance and one for EMS Grant funds. The FEMA funds receive for a level 3 snow emergency were \$5,675. The EMS Grant consisted of \$2,735 of carryover and \$330 of new funds. The total \$3,065 was expended on EMS items as outlined in the grant.

13. SUBSEQUENT EVENTS

The Township passed a three mil fire levy during 2005. The funds are to be received starting in spring 2006 for five years.

On April 13, 2006 the Township approved the purchase of a replacement fire engine for \$287,774.

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*

Xenia Township
Greene County
8 Brush Row Road
Xenia, Ohio 45385

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 Xenia Township, Greene County, (the Township), as of and for the year ended December 31, 2005, which collectively comprises the Township's basic financial statements and have issued our report thereon dated August 1, 2006, wherein we noted 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated August 1, 2006, we reported a matter involving internal control over financial reporting 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 August 1, 2006, we reported another matter related to noncompliance we deemed immaterial.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Xenia Township
Greene County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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 1, 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

XENIA TOWNSHIP

GREENE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 19, 2006**