



Mary Taylor, CPA
Auditor of State

**XENIA TOWNSHIP
GREENE COUNTY**

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GREENE COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Xenia Township
Greene County
8 Brush Row Road
Xenia, Ohio 45503

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Xenia Township, Greene County, (the Township), as of and for the years ended December 31 2007 and 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Xenia Township, Greene County, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General, Road and Bridge, and Fire District funds thereof for the years then ended and Fire, Rescue, Ambulance fund thereof for the year ended December 31, 2007 in conformity with the basis of accounting Note 2 describes.

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2008, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 9, 2008

**XENIA TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)**

This discussion and analysis of the Xenia Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

- Net assets of the governmental activities at year end were \$1,612,362, which was an increase over 2006 by \$287,507.
- 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 2007 increased very little compared to 2006.
- Two new Capital Improvement Funds were established in 2006 and continue in 2007; one is for three replacement dump trucks over a period of seven years and one is for a replacement back hoe over a period of five years. The funds were transferred from the General Fund.
- The Fire, Rescue, Ambulance Fund had minor expenditure change. Expenditures for the captain's positions and related benefits were no longer paid from this fund. Said expenditures were changed to the Fire Fund. The excess revenue in this fund was set aside to save for a replacement ambulance to be purchased in 2008. A reimbursement type EMS grant was received in 2007 for training class in 2006 in the amount of \$10,800.
- The Fire Fund had the most changes. Payroll expenses included many adjustments. Revenue continued to be received from the new levy, which started in 2006, to cover the two part-time firefighter/EMS positions to cover 24 hour staffing. The captain's position and related benefits were added to this fund as expenditures from the Fire, Rescue, Ambulance Fund. The full time chief was called to military duty, thus creating the need to cover his position utilizing the two current assistant fire chiefs. The assistant chiefs part-time salary was doubled as well as their duties doubled to cover the chief's absence.
- The Debt Service Fund established in 2006, utilizing revenue from the newest fire levy through the Fire fund for the replacement fire engine, received and expended its first of five annual payments in 2007.
- The Road and Bridge Fund had an Improvement to Sites expense for a roof replacement on the road garage at a cost of \$19,946.
- The Lighting Assessment Fund, for the cost of street lights in two areas of the Township, was assessed as normal to the affected property owners according to an annual resolution. Therefore, the usual funds of approximately \$16,000 were received and expended to the utility company as permitted by law.

**XENIA TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how Xenia Township did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

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, 2007
(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 Xenia 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 Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 as compared to 2006 on a cash basis.

(Table 1)
Net Assets

	Government	
	2006	2007
Assets		
Cash and Cash Equivalents	\$1,324,855	\$1,612,362
Total Assets	<u>1,324,855</u>	<u>1,612,362</u>
Net Assets		
Restricted for:		
Capital Projects	53,286	106,571
Debt Service	30,000	
Other Purposes	677,435	910,468
Unrestricted	564,134	595,323
Total Net Assets	<u>\$1,324,855</u>	<u>\$1,612,362</u>

As mentioned previously, net assets of governmental activities increased during 2007. The primary reasons contributing to the changes in cash balances are as follows:

- Increase in unexpected estate tax receipts.
- Increase in revenue from investments.
- Reimbursement from State for EMS class held in 2006.
- Sale of fixed assets (road equipment), no longer needed, totaling \$7,290
- Expense of a replacement roof for the road garage at \$19,946.

**XENIA TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

- 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 four various road funds.
- Health benefit costs grew slightly as staffing and type of coverage changed.
- Fuel and salt prices increased due to economy changes.

Table 2 reflects the changes in net assets in 2007. Below is a comparative analysis of government-wide data with 2006.

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

	Governmental Activities 2006	Governmental Activities 2007
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$248,418	\$280,011
Operating Grants and Contributions	285,248	279,684
Total Program Receipts	533,666	559,695
General Receipts:		
Property and Other Local Taxes	958,660	1,000,484
Grants and Entitlements Not Restricted to Specific Programs	326,807	236,642
Sale of Notes	282,180	
Cable Franchise Fee	22,011	23,257
Sale of Fixed Assets		7,290
Interest	49,802	62,290
Miscellaneous	13,088	6,513
Total General Receipts	1,652,548	1,336,476
Total Receipts	2,186,214	1,896,171
Disbursements:		
General Government	266,719	298,915
Public Safety	624,067	641,014
Public Works	524,087	522,296
Health/Cemetery	12,929	12,929
Capital Outlay	447,097	68,606
Debt Service		64,904
Total Disbursements	1,874,899	1,608,664
 Increase (Decrease) in Net Assets	 311,315	 287,507
 Net Assets, January 1,	 1,013,540	 1,324,855
Net Assets, December 31,	1,324,855	1,612,362

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).

**XENIA TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

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 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.

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.

**(Table 3)
Governmental Activities**

	Total Cost Of Services 2007	Net cost Of Services 2007
General Government	\$298,915	(\$292,767)
Public Safety	641,014	(323,432)
Public Works	522,296	(302,468)
Health/Cemetery	12,929	(12,929)
Other		16,137
Capital Outlay	68,606	(68,606)
Debt Services	64,904	(64,904)
Total Expenses	\$1,608,664	(\$1,048,969)

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

**XENIA TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

The Township's Funds

Total governmental funds had receipts of \$1,949,457 and disbursements of \$1,661,950.

The greatest changes within governmental funds from 2006 to 2007 occurred within the Fire, Rescue, Ambulance Fund and Fire District Fund. The fund balance of the Fire, Rescue, Ambulance Fund increased \$135,200. This is the result of decrease in expense by moving the cost of the captain position to the Fire Fund and saving the funds for a replacement ambulance. This indicates that the EMS Billing Fund is in a stable situation. The fund balance of the Fire Fund increased \$98,207 including transfers in and out. This is a result of the new fire levy. This indicates that the Fire 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 showed the need to replace a 1967 engine. New fire engines cost an average of \$300,000. Therefore, an additional levy was placed on the November 2005 ballot. The new 3 mil levy to provided \$341,457 in revenue was to provide 24 hours staffing services and the replacement equipment. The new levy is for five years from 2005 through 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 2007, the Township amended its General Fund budget a few times to reflect changing circumstances. Final budgeted receipts were the same as original budgeted receipts. The difference between final budgeted receipts and actual receipts was significant due to unexpected estate tax receipts.

General Fund final disbursements were budgeted at \$864,447 while actual disbursements were \$393,686 including transfers in and out for capital improvements. All expected receipts plus carryover are appropriated at the beginning of the year. The result is the increase in fund balance to \$565,697 for 2007.

Capital Assets and Debt Administration

Capital Assets

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

Debt

Xenia Township started a Debt Service Fund during 2006 as recommended by the County Auditor's Office to process the lease/purchase loan and payments for the replacement fire truck. The revenue is from the new fire levy through the Fire Fund. The truck was purchased from Stuphen in 2006 through Republic First National Corp. The first payment was due April 2007 with annual payments for five years ending the year 2011.

**XENIA TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

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 2008; 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 increased 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 the new fire levy based on current valuation for five years from 2005 through 2009. 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.

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**XENIA TOWNSHIP
GREENE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007**

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,612,362
Total Assets	<u>1,612,362</u>
Net Assets	
Restricted for:	
Capital Projects	106,571
Other Purposes	910,468
Unrestricted	595,323
Total Net Assets	<u>\$1,612,362</u>

See accompanying notes to the basic financial statements.

**XENIA TOWNSHIP
GREENE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

		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	\$298,915	\$6,148		(\$292,767)
Public Safety	641,014	223,508	\$94,074	(323,432)
Public Works	522,296	34,218	185,610	(302,468)
Health	12,929			(12,929)
Other		16,137		16,137
Capital Outlay	68,606			(68,606)
Debt Service:				
Principal	51,981			(51,981)
Interest	12,923			(12,923)
Total Governmental Activities	\$1,608,664	\$280,011	\$279,684	(1,048,969)
 General Receipts				
Property Taxes				1,000,484
Grants and Entitlements not Restricted to Specific Programs				236,642
Sale of Fixed Assets				7,290
Cable Franchise Fees				23,257
Earnings on Investments				62,290
Miscellaneous				6,513
				1,336,476
Total General Receipts				1,336,476
Change in Net Assets				287,507
Net Assets Beginning of Year				1,324,855
Net Assets End of Year				\$1,612,362

See accompanying notes to the basic financial statements.

**XENIA TOWNSHIP
GREENE COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	<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	\$595,323	\$142,367	\$344,640	\$233,984	\$296,048	\$1,612,362
Total Assets	<u>595,323</u>	<u>142,367</u>	<u>344,640</u>	<u>233,984</u>	<u>296,048</u>	<u>1,612,362</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	29,626	25,557	42,209	6,388	28,329	132,109
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	565,697					565,697
Special Revenue Funds		116,810	302,431	227,596	161,148	807,985
Capital Projects Funds					106,571	106,571
Total Fund Balances	<u>\$595,323</u>	<u>\$142,367</u>	<u>\$344,640</u>	<u>\$233,984</u>	<u>\$296,048</u>	<u>\$1,612,362</u>

See accompanying notes to the basic financial statements.

**XENIA TOWNSHIP
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<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	\$70,466	\$305,911	\$589,204		\$69,121	\$1,034,702
Charges for Services			37,460	\$186,048		223,508
Licenses, Permits and Fees	29,405					29,405
Intergovernmental	236,642	40,504	78,274	10,800	150,106	516,326
Special Assessments					16,137	16,137
Earnings on Investments	55,890				6,400	62,290
Miscellaneous	2,846	1,031	1,410	1,226		6,513
Total Receipts	<u>395,249</u>	<u>347,446</u>	<u>706,348</u>	<u>198,074</u>	<u>241,764</u>	<u>1,888,881</u>
Disbursements						
Current:						
General Government	293,267				5,648	298,915
Public Safety			587,922	45,827	7,265	641,014
Public Works		325,452			196,844	522,296
Health	12,929					12,929
Capital Outlay	4,578	26,762	20,219	17,047		68,606
Debt Service:						
Principal Retirement					51,981	51,981
Interest and Fiscal Charges					12,923	12,923
Total Disbursements	<u>310,774</u>	<u>352,214</u>	<u>608,141</u>	<u>62,874</u>	<u>274,661</u>	<u>1,608,664</u>
Excess of Receipts Over (Under) Disbursements	<u>84,475</u>	<u>(4,768)</u>	<u>98,207</u>	<u>135,200</u>	<u>(32,897)</u>	<u>280,217</u>
Other Financing Sources (Uses)						
Sale of Fixed Assets		7,290				7,290
Transfers In					53,286	53,286
Transfers Out	(53,286)					(53,286)
Advances In			34,904		34,904	69,808
Advances Out			(34,904)		(34,904)	(69,808)
Total Other Financing Sources (Uses)	<u>(53,286)</u>	<u>7,290</u>	<u></u>	<u></u>	<u>53,286</u>	<u>7,290</u>
Net Change in Fund Balances	31,189	2,522	98,207	135,200	20,389	287,507
Fund Balances Beginning of Year	<u>564,134</u>	<u>139,845</u>	<u>246,433</u>	<u>98,784</u>	<u>275,659</u>	<u>1,324,855</u>
Fund Balances End of Year	<u>\$595,323</u>	<u>\$142,367</u>	<u>\$344,640</u>	<u>\$233,984</u>	<u>\$296,048</u>	<u>\$1,612,362</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, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$64,718	\$69,590	\$70,466	\$876
Licenses, Permits and Fees	30,000	28,257	29,405	1,148
Intergovernmental	177,248	174,119	236,642	62,523
Earnings on Investments	30,000	30,000	55,890	25,890
Miscellaneous	1,000	1,000	2,846	1,846
Total Receipts	<u>302,966</u>	<u>302,966</u>	<u>395,249</u>	<u>92,283</u>
Disbursements				
Current:				
General Government	412,900	388,114	309,140	78,974
Public Works		15,000		15,000
Health	14,300	14,300	12,929	1,371
Capital Outlay	437,247	393,747	18,331	375,416
Total Disbursements	<u>864,447</u>	<u>811,161</u>	<u>340,400</u>	<u>470,761</u>
Excess of Receipts Over (Under) Disbursements	<u>(561,481)</u>	<u>(508,195)</u>	<u>54,849</u>	<u>563,044</u>
Other Financing Sources (Uses)				
Transfers Out		(53,286)	(53,286)	
Total Other Financing Sources (Uses)		<u>(53,286)</u>	<u>(53,286)</u>	
Net Change in Fund Balance	(561,481)	(561,481)	1,563	563,044
Unencumbered Cash Balance Beginning of Year	534,818	534,818	534,818	
Prior Year Encumbrances Appropriated	<u>29,316</u>	<u>29,316</u>	<u>29,316</u>	
Fund Balance End of Year	<u>\$2,653</u>	<u>\$2,653</u>	<u>\$565,697</u>	<u>\$563,044</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 AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$278,779	\$288,801	\$305,911	\$17,110
Intergovernmental	39,826	35,766	40,504	4,738
Miscellaneous	7,000	1,031	1,031	
Total Receipts	<u>325,605</u>	<u>325,598</u>	<u>347,446</u>	<u>21,848</u>
Disbursements				
Current:				
Public Works	424,137	416,937	351,009	65,928
Capital Outlay	35,000	42,200	26,762	15,438
Total Disbursements	<u>459,137</u>	<u>459,137</u>	<u>377,771</u>	<u>81,366</u>
Excess of Receipts Over (Under) Disbursements	<u>(133,532)</u>	<u>(133,539)</u>	<u>(30,325)</u>	<u>103,214</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets			7,290	7,290
Total Other Financing Sources (Uses)			<u>7,290</u>	<u>7,290</u>
Net Change in Fund Balance	(133,532)	(133,539)	(23,035)	110,504
Unencumbered Cash Balance Beginning of Year	118,890	118,890	118,890	
Prior Year Encumbrances Appropriated	<u>20,955</u>	<u>20,955</u>	<u>20,955</u>	
Fund Balance End of Year	<u>\$6,313</u>	<u>\$6,306</u>	<u>\$116,810</u>	<u>\$110,504</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, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$558,456	\$569,731	\$589,204	\$19,473
Charges for Services	34,210	34,210	37,460	3,250
Intergovernmental	89,569	78,274	78,274	
Miscellaneous		1,000	1,410	410
Total Receipts	<u>682,235</u>	<u>683,215</u>	<u>706,348</u>	<u>23,133</u>
Disbursements				
Current:				
Public Safety	827,665	757,665	626,751	130,914
Capital Outlay	60,000	131,000	23,599	107,401
Total Disbursements	<u>887,665</u>	<u>888,665</u>	<u>650,350</u>	<u>238,315</u>
Excess of Receipts Over (Under) Disbursements	<u>(205,430)</u>	<u>(205,450)</u>	<u>55,998</u>	<u>261,448</u>
Other Financing Sources (Uses)				
Advances In			34,904	34,904
Advances Out			(34,904)	(34,904)
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	(205,430)	(205,450)	55,998	261,448
Unencumbered Cash Balance Beginning of Year	218,077	218,077	218,077	
Prior Year Encumbrances Appropriated	<u>28,356</u>	<u>28,356</u>	<u>28,356</u>	
Fund Balance End of Year	<u>\$41,003</u>	<u>\$40,983</u>	<u>\$302,431</u>	<u>\$261,448</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, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts				
Charges for Services	\$150,000	\$150,000	\$186,048	\$36,048
Intergovernmental			10,800	10,800
Miscellaneous			1,226	1,226
Total Receipts	<u>150,000</u>	<u>150,000</u>	<u>198,074</u>	<u>48,074</u>
Disbursements				
Current:				
Public Safety	203,061	108,061	52,215	55,846
Capital Outlay	46,005	141,005	17,047	123,958
Total Disbursements	<u>249,066</u>	<u>249,066</u>	<u>69,262</u>	<u>179,804</u>
Net Change in Fund Balance	(99,066)	(99,066)	128,812	227,878
Unencumbered Cash Balance Beginning of Year	92,828	92,828	92,828	
Prior Year Encumbrances Appropriated	<u>5,956</u>	<u>5,956</u>	<u>5,956</u>	
Fund Balance End of Year	<u>(\$282)</u>	<u>(\$282)</u>	<u>\$227,596</u>	<u>\$227,878</u>

See accompanying notes to the basic financial statements.

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

1. REPORTING ENTITY

The Xenia Township, Greene County, Ohio (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 Fiscal Officer.

The reporting entity is comprised of the primary Township, 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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This 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 cash basis of accounting. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Government-Wide Financial Statements

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for 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 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, Road & Bridge, Fire District and Fire, Rescue, Ambulance. 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 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, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution/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 resolution/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 Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution/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 2007, the Township invested in an overnight investment sweep account. The Township's sweep account investments are recorded at the amount reported by Key Bank on December 31, 2007. 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 2007 was \$55,890 which includes \$32,562 assigned from other Township funds.

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. 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 cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

Xenia Township committed to a Long-Term Obligation in 2006 for a fire truck. The term is five years from 2007 through 2011. See Note 9 for Debt.

M. 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. Of the Township's \$1,017,039 in restricted net assets \$106,571 was restricted by enabling legislation.

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.

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Reserves

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

O. Interfund Transactions

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.

3. 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–Budget 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 cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) The encumbrances outstanding at year end (budgetary basis) amounted to \$29,626 for the general fund, \$25,557 for Road and Bridge Fund, \$42,209 for Fire District Fund and \$6,388 for Fire, Rescue, Ambulance Fund.

4. DEPOSITS AND INVESTMENTS

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

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

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

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

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$36,515 of the Township's bank balance of \$136,515 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

As of December 31, 2007, the Township had an Automatic Overnight Sweep Repurchase Account for \$1,509,011. Interest is 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 A2 by Moody's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

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."

5. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007 on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

Real property taxes are payable annually or semi-annually. 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 tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien on December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

5. PROPERTY TAXES (Continued)

The full tax rate for all Township operations for the year ended December 31, 2007, was \$12 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Agriculture & Residential	\$115,806,610
Commercial/Industrial/Mineral	5,229,770
Public Utility Property	
Personal	5,560,560
Tangible Personal Property	2,276,040
Total Assessed Value	\$128,872,980

6. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2006 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	\$5,000,000.	Per Occurrence
Automobile Liability	\$5,000,000.	Per Occurrence
Wrongful Acts	\$5,000,000.	Per Occurrence
Property	\$1,883,016.	Total Coverage
Boiler and Machinery	\$1,883,016.	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.

7. DEFINED BENEFIT PENSION PLAN

A. Ohio Public Employees Retirement System

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

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

7. DEFINED BENEFIT PENSION PLAN (Continued)

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, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 was 13.85 percent. There are no employees/members in law enforcement or public safety. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's employer required contributions for pension obligations to the plan for the years ended December 31, 2007, 2006 and 2005 were \$37,167, \$34,165 and \$34,115 respectively. The full amount has been contributed for 2007, 2006 and 2005. There were no contributions made to member directed plan for 2007.

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 is required to contribute 24 percent for firefighters. Contributions are authorized by State statute. The Township's contributions to the Fund for firefighters were \$20,326 for the year ended December 31, 2007, \$18,847 for the year ended December 31, 2006 and \$13,136 for the year ended December 31, 2005. The full amount has been contributed for 2007, 2006 and 2005.

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

8. 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 Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll. The portion of employer contributions allocated to health care was 5 percent from January 1 through June 30, 2007 and 6 percent from July 1 through December 31, 2007.

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, 2006, include a rate of return on investments of 6.50 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 .50 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$14,759. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 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 Postemployment 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.

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

8. POST-EMPLOYMENT BENEFITS (Continued)

The total firefighter contribution rate is 24 percent of covered payroll, of which 6.75 percent of covered payroll was applied to the post employment health care program during 2007 and 7.75 percent was applied to post employment benefits during 2006. 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 2001, all retirees and survivors have monthly health care contributions.

The Township's actual contributions for 2007 that were used to fund post employment benefits was \$5,717 for firefighters. The OP&F's total health care expense for the year ended December 31, 2006 (the latest information available) was \$120,373,722, which was net of member contributions of \$58,532,848. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006, was 10,563 for firefighters.

9. DEBT

The Township committed by full faith and credit to long term debt during 2006 for a fire truck. The Debt will be payable from revenue from a voted property tax levy approved on the November 2005 ballot. The levy is for five years payable in 2006-2010. The debt term is for five years of 2007-2011. On May 1, 2006 the Township entered into a loan agreement with Republic First National Corporation to borrow \$282,180 at 4.99% interest, payable in 5 annual payments of \$64,904 for a new fire truck; the first payment payable on April 1, 2007.

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

Year Ended	Fire Truck Loan		
Principal	Interest	Total	
2008	\$ 53,417	\$11,487	\$64,904
2009	56,083	8,821	64,904
2010	58,881	6,023	64,904
2011	61,819	3,085	64,904
Totals	\$230,200	\$29,416	\$259,616

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The 2006 valuation was \$128,872,980. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$13,301,463 and an unvoted debt margin of \$7,088,014. The end result is that the debt does not exceed the amount permitted by Revised Code.

10. INTEFUND TRANSFERS

During 2007 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds-Cap. Projects	\$53,286

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

10. INTEFUND TRANSFERS (Continued)

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 were transferred per resolution from General Fund to Capital Project Fund 4901 to continue the second year of saving to purchase three replacement dump trucks over a period of seven years at a rate of \$37,286 per year. Funds were transferred per resolution from General Fund to Capital Project Fund 4903 to continue the second year of saving to purchase a back hoe over a period of five years at a rate of \$16,000 per year.

11. 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. However, the statute of limitations has run out on this case.

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 one State EMS Grant of \$5,000 for the July 1, 2007 to June 30, 2008 period. The total funds are to be received prior to expenditures being made and said funds had yet to be received as of December 31, 2007. Funds are expected to be received in early 2008 and will be expended on EMS items as outline in the grant.

12. COMPLIANCE

The Township did not comply with requirements of Article XII, Section 5a of Ohio Constitution and 1982 Opinion from Attorney General Number 82-031 regarding posting of interest derived from a motor vehicle license or fuel tax.

**XENIA TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)**

This discussion and analysis of the Xenia Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2006 are as follows:

- Net assets of the governmental activities at year end were \$1,324,855, which was an increase over 2005 by \$311,315.
- 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 2006 increased significantly compared to 2005 due to new fire levy.
- Two new Capital Improvement Funds were established; one for three replacement dump trucks over a period of seven years, and one for a replacement back hoe over a period of five years. The funds were transferred from the General Fund.
- The Fire Fund had the most changes as a result of the new levy passed in 2005. Two part-time firefighter/EMS positions to cover 24 hour staffing were created using the revenue from the new levy. A commitment was also made to purchase a new fire truck, for \$282,180, using the levy revenue over the life of the levy from 2005-2009. A schedule of outstanding debt was established for the lease/purchase of the fire truck from 2007 to 2011. \$30,000 of current funds was set aside to be used for the first payment of the debt scheduled for 2007.
- The Lighting Assessment Fund assessments were resumed in 2006 as previously processed.

Using the Basic Financial Statements

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

Report Components

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

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

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

**XENIA TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)
(Continued)**

Basis of Accounting

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

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

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how Xenia Township did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

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.

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 Xenia 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 three major governmental funds: General Fund, Road and Bridge, and Fire District. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**XENIA TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)
(Continued)**

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2006 as compared to 2005 on a cash basis.

(Table 1)
Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	\$1,324,855	\$1,013,540
Total Assets	<u>1,324,855</u>	<u>1,013,540</u>
Net Assets		
Restricted for:		
Capital Projects	53,286	
Debt Service	30,000	
Other Purposes	677,435	575,908
Unrestricted	<u>564,134</u>	<u>437,632</u>
Total Net Assets	<u>\$1,324,855</u>	<u>\$1,013,540</u>

As mentioned previously, net assets of governmental activities increased during 2006. 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.
- Increased revenue and usage of the Fire, Rescue, Ambulance Billing Fund.
- Increase in funds received in the special assessment Street Lighting Fund in 2006.
- Increase in funds received as a result of a new fire levy passed in 2005.
- 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.
- Health benefit costs grew slightly as several employees and family experienced health problems.
- Two part time firefighters/ EMS positions to cover 24 hour staffing were created.
- Fuel and salt prices increased due to economy changes.
- A commitment to purchase a new fire truck for \$282,180 was made.

Table 2 reflects the changes in net assets in 2006. Below is a comparative analysis of government-wide data with 2005.

**XENIA TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)
(Continued)**

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

	Governmental Activities 2006	Governmental Activities 2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$248,418	\$204,869
Operating Grants and Contributions	285,248	153,745
Total Program Receipts	<u>533,666</u>	<u>358,614</u>
General Receipts:		
Property and Other Local Taxes	958,660	627,481
Grants and Entitlements Not Restricted to Specific Programs	326,807	367,720
Sale of Notes	282,180	
Cable Franchise Fee	22,011	
Sale of Fixed Assets		17,708
Interest	49,802	20,430
Miscellaneous	13,088	36,479
Total General Receipts	<u>1,652,548</u>	<u>1,069,818</u>
Total Receipts	<u>2,186,214</u>	<u>1,428,432</u>
Disbursements:		
General Government	266,719	266,596
Public Safety	624,067	385,233
Public Works	524,087	535,636
Health/Cemetery	12,929	13,460
Capital Outlay	447,097	105,901
Total Disbursements	<u>1,874,899</u>	<u>1,306,826</u>
Increase (Decrease) in Net Assets	311,315	121,606
Net Assets, January 1,	1,013,540	891,934
Net Assets, December 31,	<u>\$1,324,855</u>	<u>\$1,013,540</u>

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, sale of notes 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.

**XENIA TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)
(Continued)**

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.

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 and capital outlay also represents significant costs. The next three 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.

(Table 3)

Governmental Activities		
	Total Cost Of Services 2006	Net cost Of Services 2006
General Government	\$266,719	(262,421)
Public Safety	624,067	(334,797)
Public Works	524,087	(296,989)
Health/Cemetery	12,929	(12,929)
Other		13,000
Capital Outlay	447,097	(447,097)
Total Expenses	\$1,874,899	(\$1,341,233)

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 \$2,269,500 and disbursements of \$1,958,185.

The greatest changes within governmental funds from 2005 to 2006 occurred within the General Fund and Fire Fund. The fund balance of the General Fund increased \$126,502 including transfers in and out. This is as the result of unexpected estate tax revenue of \$148,870; and additional interest of \$43,883 for investments. This indicates that the General Fund is in a stable situation. The fund balance of the Fire Fund increased \$103,100 including transfers in/out and loan proceeds. This is a result of the new fire levy and the lease/purchase of a new fire truck. This indicates that the Fire Fund is in a stable situation.

**XENIA TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)
(Continued)**

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 showed the need to replace a 1967 engine. New fire engines cost an average of \$300,000. Therefore, an additional levy was placed on the November 2005 ballot. The new levy provided \$342,185 in revenue to provide 24 hours staffing services and the replacement equipment. The new levy is for five years, 2005 through 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 2006, the Township amended its General Fund budget a few times 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 insignificant.

General Fund final disbursements were budgeted at \$898,452 while actual disbursements were \$371,374 including transfers in and out for capital improvements. All expected receipts plus carryover are appropriated at the beginning of the year. The result is the increase in fund balance to \$564,134 for 2006.

Capital Assets and Debt Administration

Capital Assets

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

Debt

Xenia Township started a Debt Service Fund during 2006 as recommended by the County Auditor's Office to process the lease/purchase loan and payments for the replacement fire truck. The revenue is from the new fire levy through the Fire Fund. The truck was purchased from Stuphen in 2006 through Republic First National Corp. The first payment is due April 2007 for annual payments for five years ending the year 2011.

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 2007; 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 increased 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 the new fire levy based on current valuation for five years from 2005 through 2009. All departments have been asked to be cautious of their spending for fuel, utilities, and supplies by planning with bulk purchase benefits.

**XENIA TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)
(Continued)**

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.

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**XENIA TOWNSHIP
GREENE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,324,855</u>
Total Assets	<u><u>1,324,855</u></u>
Net Assets	
Restricted for:	
Capital Projects	53,286
Debt Service	30,000
Other Purposes	677,435
Unrestricted	<u>564,134</u>
Total Net Assets	<u><u>\$1,324,855</u></u>

See accompanying notes to the basic financial statements.

**XENIA TOWNSHIP
GREENE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

		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	\$266,719	\$4,298		(\$262,421)
Public Safety	624,067	192,517	\$96,753	(334,797)
Public Works	524,087	38,603	188,495	(296,989)
Health	12,929			(12,929)
Other		13,000		13,000
Capital Outlay	447,097			(447,097)
Total Governmental Activities	\$1,874,899	\$248,418	\$285,248	(1,341,233)
General Receipts				
Property Taxes				958,660
Grants and Entitlements not Restricted to Specific Programs				326,807
Sale of Notes				282,180
Cable Franchise Fees				22,011
Earnings on Investments				49,802
Miscellaneous				13,088
Total General Receipts				1,652,548
Change in Net Assets				311,315
Net Assets Beginning of Year				1,013,540
Net Assets End of Year				\$1,324,855

See accompanying notes to the basic financial statements.

**XENIA TOWNSHIP
GREENE COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>General</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents & Investments	\$564,134	\$139,845	\$246,433	\$374,443	\$1,324,855
Total Assets	<u>564,134</u>	<u>139,845</u>	<u>246,433</u>	<u>374,443</u>	<u>1,324,855</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	29,316	20,955	28,356	26,886	105,513
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	534,818				534,818
Special Revenue Funds		118,890	218,077	264,271	601,238
Debt Service Fund				30,000	30,000
Capital Projects Funds				53,286	53,286
Total Fund Balances	<u>\$564,134</u>	<u>\$139,845</u>	<u>\$246,433</u>	<u>\$374,443</u>	<u>\$1,324,855</u>

See accompanying notes to the basic financial statements.

**XENIA TOWNSHIP
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receipts					
Property and Other Local Taxes	\$67,966	\$292,440	\$598,254	\$38,603	\$997,263
Charges for Services			34,210	158,307	192,517
Licenses, Permits and Fees	26,309				26,309
Intergovernmental	326,807	41,757	83,753	159,738	612,055
Special Assessments				13,000	13,000
Earnings on Investments	43,883			5,919	49,802
Miscellaneous	3,595	9,111	382		13,088
Total Receipts	<u>468,560</u>	<u>343,308</u>	<u>716,599</u>	<u>375,567</u>	<u>1,904,034</u>
Disbursements					
Current:					
General Government	264,366			2,353	266,719
Public Safety			508,224	115,843	624,067
Public Works		356,517		167,570	524,087
Health	12,929				12,929
Capital Outlay	11,477	32,778	357,455	45,387	447,097
Total Disbursements	<u>288,772</u>	<u>389,295</u>	<u>865,679</u>	<u>331,153</u>	<u>1,874,899</u>
Excess of Receipts Over (Under) Disbursements	<u>179,788</u>	<u>(45,987)</u>	<u>(149,080)</u>	<u>44,414</u>	<u>29,135</u>
Other Financing Sources (Uses)					
Sale of Notes			282,180		282,180
Transfers In				83,286	83,286
Transfers Out	(53,286)		(30,000)		(83,286)
Total Other Financing Sources (Uses)	<u>(53,286)</u>		<u>252,180</u>	<u>83,286</u>	<u>282,180</u>
Net Change in Fund Balances	126,502	(45,987)	103,100	127,700	311,315
Fund Balances Beginning of Year	<u>437,632</u>	<u>185,832</u>	<u>143,333</u>	<u>246,743</u>	<u>1,013,540</u>
Fund Balances End of Year	<u>\$564,134</u>	<u>\$139,845</u>	<u>\$246,433</u>	<u>\$374,443</u>	<u>\$1,324,855</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, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Receipts				
Property and Other Local Taxes	\$63,617	\$66,929	\$67,966	\$1,037
Licenses, Permits and Fees	6,000	4,183	26,309	22,126
Intergovernmental	178,490	325,865	326,807	942
Earnings on Investments	15,000	43,444	43,883	439
Miscellaneous	24,000	24,000	3,595	(20,405)
Total Receipts	<u>287,107</u>	<u>464,421</u>	<u>468,560</u>	<u>4,139</u>
Disbursements				
Current:				
General Government	645,321	392,035	283,435	108,600
Health	14,300	14,300	12,929	1,371
Capital Outlay	61,520	438,835	21,724	417,111
Total Disbursements	<u>721,141</u>	<u>845,170</u>	<u>318,088</u>	<u>527,082</u>
Excess of Receipts Over (Under) Disbursements	<u>(434,034)</u>	<u>(380,749)</u>	150,472	<u>531,221</u>
Other Financing Sources (Uses)				
Transfers Out		(53,282)	(53,286)	(4)
Total Other Financing Sources (Uses)		<u>(53,282)</u>	<u>(53,286)</u>	<u>(4)</u>
Net Change in Fund Balance	(434,034)	(434,031)	97,186	531,217
Fund Balance Beginning of Year	420,559	420,559	420,559	
Prior Year Encumbrances Appropriated	<u>17,073</u>	<u>17,073</u>	<u>17,073</u>	
Fund Balance End of Year	<u>\$3,598</u>	<u>\$3,601</u>	<u>\$534,818</u>	<u>\$531,217</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 AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$275,548	\$279,892	\$292,440	\$12,548
Intergovernmental	46,052	41,708	41,757	49
Miscellaneous		8,712	9,111	399
Total Receipts	<u>321,600</u>	<u>330,312</u>	<u>343,308</u>	<u>12,996</u>
Disbursements				
Current:				
Public Works	444,117	444,117	377,472	66,645
Capital Outlay	60,000	68,712	32,778	35,934
Total Disbursements	<u>504,117</u>	<u>512,829</u>	<u>410,250</u>	<u>102,579</u>
Net Change in Fund Balance	(182,517)	(182,517)	(66,942)	115,575
Fund Balance Beginning of Year	171,249	171,249	171,249	
Prior Year Encumbrances Appropriated	<u>14,583</u>	<u>14,583</u>	<u>14,583</u>	
Fund Balance End of Year	<u>\$3,315</u>	<u>\$3,315</u>	<u>\$118,890</u>	<u>\$115,575</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
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$554,000	\$562,425	\$598,254	\$35,829
Charges for Services	32,960	32,960	34,210	1,250
Intergovernmental	90,000	81,575	83,753	2,178
Miscellaneous			382	382
Total Receipts	<u>676,960</u>	<u>676,960</u>	<u>716,599</u>	<u>39,639</u>
Disbursements				
Current:				
Public Safety	693,868	653,868	535,980	117,888
Capital Outlay	122,771	414,951	358,055	56,896
Total Disbursements	<u>816,639</u>	<u>1,068,819</u>	<u>894,035</u>	<u>174,784</u>
Excess of Receipts Over (Under) Disbursements	<u>(139,679)</u>	<u>(391,859)</u>	<u>(177,436)</u>	<u>214,423</u>
Other Financing Sources (Uses)				
Sale of Notes		282,180	282,180	
Transfers Out		(30,000)	(30,000)	
Total Other Financing Sources (Uses)		<u>252,180</u>	<u>252,180</u>	
Net Change in Fund Balance	(139,679)	(139,679)	74,744	214,423
Fund Balance Beginning of Year	116,611	116,611	116,611	
Prior Year Encumbrances Appropriated	<u>26,722</u>	<u>26,722</u>	<u>26,722</u>	
Fund Balance End of Year	<u>\$3,654</u>	<u>\$3,654</u>	<u>\$218,077</u>	<u>\$214,423</u>

See accompanying notes to the basic financial statements.

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**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

1. REPORTING ENTITY

The Xenia Township, Greene County, Ohio (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 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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This 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 cash basis of accounting. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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 three major governmental funds: General Fund, Road & Bridge, and Fire District. 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.

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The Township's financial statements are prepared using the 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.

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

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution/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 resolution/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 Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution/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".

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2006, the Township invested in an overnight investment sweep account. The Township's sweep account investments are recorded at the amount reported by Key Bank on December 31, 2006. 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 2006 was \$43,883. which includes \$22,435 assigned from other Township funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. 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 cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

Xenia Township committed to a Long-Term Obligation in 2006 for a fire truck. The term is five years from 2007 through 2011. See Note 9 Debt.

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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. Of the Township's \$760,721 in restricted net assets \$53,286 was restricted by enabling legislation.

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.

N. Fund Balance Reserves

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

O. Interfund Transactions

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.

3. 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—Budget 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 cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) The encumbrances outstanding at year end (budgetary basis) amounted to \$29,316 for the general fund, \$20,955 for road and bridge fund and \$28,356 for fire district fund.

4. DEPOSITS AND INVESTMENTS

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

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

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$56,658 of the Township's bank balance of \$156,658 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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

B. Investments

As of December 31, 2006, the Township had an Automatic Overnight Sweep Repurchase Account for \$1,194,911. Interest is 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.

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."

5. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) is for 2006 taxes.

2006 real property taxes are levied after October 1, 2006 on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

5. PROPERTY TAXES (Continued)

Real property taxes are payable annually or semi-annually. 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 tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes which became a lien on December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2006 is 25 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the year ended December 31, 2006, was \$12 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Agriculture & Residential	\$114,615,960
Commercial/Industrial/Mineral	5,176,660
Public Utility Property	
Personal	6,411,280
Tangible Personal Property	1,869,568
Total Assessed Value	\$128,073,468

6. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2006 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	\$5,000,000.	Per Occurrence
Automobile Liability	\$5,000,000.	Per Occurrence
Wrongful Acts	\$5,000,000.	Per Occurrence
Property	\$1,828,171.	Total Coverage
Boiler and Machinery	\$1,828,171.	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.

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

7. DEFINED BENEFIT PENSION PLAN

A. Ohio Public Employees Retirement System

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

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

OPERS 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, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.0 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.70 percent. There are no employees/members in law enforcement or public safety. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's employer required contributions for pension obligations to the plan for the years ended December 31, 2006, 2005 and 2004 were \$34,165, \$34,115 and \$32,279 respectively. The full amount has been contributed for 2006, 2005 and 2004. There were no contributions made to the member directed plan for 2006.

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 is required to contribute 24 percent for firefighters. Contributions are authorized by State statute. The Township's contributions to the Fund for firefighters were \$18,847 for the year ended December 31, 2006, \$13,136 for the year ended December 31, 2005 and \$20,803 for the year ended December 31, 2004. The full amount has been contributed for 2006, 2005 and 2004.

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

8. 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 Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 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, 2006, include a rate of return on investments of 6.50 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 .50 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$11,222. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 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 Postemployment 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.

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

8. POST-EMPLOYMENT BENEFITS (Continued)

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 2006 and 2005. 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 2001, 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 \$6,086 for firefighters. The OP&F's total health care expense for the year ended December 31, 2006 was \$120,373,722, which was net of member contributions of \$58,532,848. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006, was 10,563 for firefighters.

9. DEBT

The Township committed by full faith and credit to long term debt during 2006 for a fire truck. The Debt will be payable from revenue from a voted property tax levy approved on the November 2005 ballot. The levy is for five years payable in 2006-2010. The debt term is for five years of 2007-2011.

On May 1, 2006 the Township entered into a loan agreement with Republic First National Corporation to borrow \$282,180 at 4.99% interest, payable in 5 annual payments of \$64,904 for a new fire truck; the first payment payable on April 1, 2007.

The Township's long-term debt activity for the year ended December 31, 2006, was as follows:

Year Ended	Fire Truck Loan		
	Principal	Interest	Total
2007	\$ 51,980	\$12,924	\$ 64,904
2008	53,417	11,487	64,904
2009	56,083	8,821	64,904
2010	58,881	6,023	64,904
2011	61,819	3,085	64,904
Totals	\$282,180	\$42,340	\$324,520

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The 2005 valuation was \$128,073,468. The effects of the debt limitations at December 31, 2005, were an overall debt margin of \$13,165,534 and an unvoted debt margin of \$7,044,041. The end result is that the debt does not exceed the amount permitted by Revised Code.

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

10. INTERFUND TRANSFERS

During 2006 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds-Cap. Projects	\$53,286
Transfers from the Fire District Fund to:	
Other Governmental Funds – Debt Service	\$30,000

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 were transferred per resolution from General Fund to Capital Project Fund 4901 to start saving to purchase three replacement dump trucks over a period of seven years at a rate of \$37,286 per year. Funds were transferred per resolution from General Fund to Capital Project Fund 4903 to start saving to purchase a back hoe over a period of five years at a rate of \$16,000 per year. Funds were transferred per resolution from fire fund to debt service fund 3901 for debt payment on the new fire engine.

11. 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 received one grant for EMS Grant fund for \$8,000. During 2006, \$735 was expended on EMS items as outlined in the grant. The balance of \$7,265 was carried over (and spent) in 2007.

12. COMPLIANCE

The Township did not comply with requirements of Article XII, Section 5a of Ohio Constitution and 1982 Opinion from Attorney General Number. 82-031 regarding posting of interest derived from a motor vehicle license or fuel tax.

13. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2006, the Township has implemented GASB Statement No. 46, "*Net Assets Restricted by Enabling Legislation—an amendment of GASB Statement No. 34*"

Statement No. 46 requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets.

There was no effect on fund balance/net assets as a result of the implementation of this new standard.



Mary Taylor, CPA

Auditor of State

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 Township 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 years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated December 9, 2008, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Government 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. 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 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 as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

**Internal Control Over Financial Reporting
(Continued)**

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-004.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings number 2007-001 and 2007-002 are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated December 9, 2008.

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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated December 9, 2008.

We intend this report solely for the information and use of the management and Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 9, 2008

**XENIA TOWNSHIP
GREENE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2007-001

Material Weakness, Material Noncompliance Citation

Ohio Const. Article XII, Section 5a, and Atty Gen. Op. No. 82-031 requires that interest earned on moneys derived from fees, excises and taxes relating to the use, operation or registration of motor vehicle or to fuels for propelling such vehicles be credited to the special fund to which the principal belongs.

During 2007, the Township did not post interest in the amount of \$902 to the Motor Vehicle License Tax Fund; \$3,297 to the Gasoline Tax Fund; and \$2,115 to the Permissive Tax Fund.

Similarly, during 2006 the Township did not post \$722 in investment earnings to the Motor Vehicle License Tax Fund; \$2,834 to the Gasoline Tax Fund. Additionally, 2006 investment earnings in Permissive Tax Fund were overstated in the amount of \$101.

The accompanying financial statements have been adjusted to correctly reflect the investment earnings in the respective funds and the Township has posted fund balance adjustments to its system.

The Township should adopt and implement procedures that properly allocate interest to all the funds required to record interest revenue which will assist in preventing the inaccurate reporting of a fund's overall balance.

FINDING NUMBER 2007-002

Material Weakness - Program Revenues and General Receipts

Homestead and rollback is revenue received from the State and may be either a program receipt or a general receipt, depending on whether the use of the dollars is restricted. Homestead and rollback revenue follows the tax money. So if an entity has both a property tax for general operations that goes to the general fund and a special levy (i.e. cemetery, police, permanent improvement, etc.) that goes to a special revenue or capital projects fund, the homestead and rollback that goes to the general fund would be unrestricted and therefore a general receipt and the homestead and rollback that goes to the special revenue or capital projects fund would be restricted and therefore a program receipt.

During 2006, the Township reported \$108,683 in program revenues (rollbacks) related to Fire and Road levies as unrestricted grants on the statement of activities. Similarly, during 2007 the Township reported \$106,136 in program revenues (rollbacks) related to Fire and Road levies as unrestricted grants on the statement of activities. Audit adjustments had to be made to correctly classify the revenues on the accompanying financial statements.

Also, the Township reported \$22,011 in 2006 cable franchise fees as miscellaneous revenue. This amount had been reported separately on the 2007 statements. Audit adjustment was made to correctly reflect the program and general receipts on the accompanying financial statements.

In addition, the Township reported \$9,112 in road and bridge operating grant as general receipt. No adjustment was required to reclassify this revenue due to it not being material.

Policies and procedures should be developed and implemented to verify that program and general receipts are classified properly on the statement of activities. Failure to do so could result in material misstatements on the Township's financial statements. Township Accounting Manual available online at the Auditor of State's website at www.auditor.state.oh.us under local government resources and accounting and auditing resources can serve as guide for revenue classification.

FINDING NUMBER 2007-003

Significant Deficiency - Personal Property Reimbursement / Grant Classification

House Bill 66 phased out the tax on the tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. At the same time, the bill replaces the revenue lost due to phasing out the tax. In the first five years, local governments are reimbursed fully for lost revenue; in the following seven years, the reimbursements are phased out.

The Township received personal property tax reimbursement during fiscal years 2006 and 2007. Since the reimbursements were in lieu of taxes, they should have been booked as intergovernmental revenues. During 2006 the Township posted following amounts in tangible personal property tax reimbursement receipts as property taxes:

<u>Fund</u>	<u>Amount</u>
Major Funds	
General Fund	\$1,096
Fire District	\$14,982
Road and Bridge	\$5,847

Similarly, during 2007 the Township posted following tangible personal property tax reimbursement amounts as property taxes:

<u>Fund</u>	<u>Amount</u>
Major Funds	
General Fund	\$506
Fire District	\$6,535
Road and Bridge	\$2,699

Additionally, during 2006 the Township posted a \$7,751 grant from the Greene County as a miscellaneous receipt in the Road and Bridge Fund.

Policies and procedures should be developed and implemented to verify that all receipts are posted to correct line items on the financial statements. Failure to do so could result in material misstatements on the Township's financial statements.

FINDING NUMBER 2007-004

Significant Deficiency - Budgetary Amendments and Certificate of Estimated Resources

The Township did not consistently update its accounting records throughout the year to reflect approved estimated resources and appropriations. This limited the reliability of budgetary reports generated by the system. Up to date and accurate budgetary information is required to make informed budgetary decisions.

The following are a few examples of the errors that were noted during the testing of the Budget to Actual Statements, as a result of the accounting system not being updated:

**FINDING NUMBER 2007-004
 (Continued)**

<u>Year</u>	<u>Fund</u>	<u>Budgeted Receipts</u>	<u>Overstated/ (understated)</u>	<u>Budgeted Expenditures</u>	<u>Overstated/ (understated)</u>
2007	General	Original and Final	\$ 3,964	Original and Final	(\$2,767)
2007	Road and Bridge	Original and Final		Original and Final	(\$6,783)
2007	Fire District	Original and Final	\$38,235	Original and Final	(\$3,253)
2006	General	Final	(\$3,466)	Original and Final	(\$3,600)
2006	Road and Bridge	Final	(\$12,641)	Original and Final	(\$3,313)
2006	Fire District	Original	(\$3,618)	Final	(\$26,382)

Budget to Actual reports and statements can be a very useful part of management's decision making serving as a tool to analyze the Township's operations and fiscal performance, and reflecting activity for potential users of the basic financial statements.

To assist the Township officials in making timely financial decisions and to accurately analyze the effectiveness of its operations, the Township should update the accounting records to reflect estimated resources approved by the County Budget Commission and appropriations approved by the Trustees.



Mary Taylor, CPA
Auditor of State

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
FEBRUARY 12, 2009**